

NEWS SUMMARY

Grocery prices rise sharply
Spain's problems were the main theme of the day, a statement issued by the government. Higher meat prices caused nearly half the increase, while potatoes, bread, tea and coffee also cost more. Page 31

PUBLIC CONFIDENCE in the financial outlook has fallen sharply to the lowest levels seen in recent years, according to the latest survey for the Financial Times. Page 31

NEW TREASURY forecasts are likely to downgrade prospects for economic growth and employment. Page 13

LOCAL COUNCILS have nearly 50,000 jobs unfilled and a further 70,000 could be lost over the next two years, as a result of the Government's efforts to cut public spending. Page 13

CIVIL ENGINEERING contractors want the Conservative Party to promise to repeal any legislation to extend the direct labour operations of local councils. Page 19

to deaths
Three blacks were killed at a dozen injured in outside Johannesburg, after a crowd of about 100 had been fired on. Page 4

profitable
The server is not threatened, it is trading profitably. Bookings are up, paper said. Back page

plea
The Action Committee in the House Secretary to a public inquiry into the Indian baby after its delivery at Heathrow. Page 4

probe
Scientists are studying the used by marit at Cross-Co. Armagh, after a probe by the Provisional IRA. A new weapon with a range of 100 miles, in the prospects of a contested race gained rapidly, it is the only tactic of playing political crisis after the on of Carrhill O. Page 27

beetles
Colorado beetles have been found in Norfolk. Page 4

Some money-m
investor getting a return

Inflation accounts proposals due on November 30

BY MICHAEL LAFFERTY

The inflation accounting proposals to be published on November 30 by the accountancy bodies will incorporate elements of the accountants' own current purchasing power system, which was broadly rejected by most companies in 1973-74, as well as the basic current cost accounting (CCA) system recommended in the Sandilands Report.

The profession remains divided on many of the recommended procedures and much will depend on the sides taken up in the debate which can be expected to start in December. The exposure draft document, which will be known as ED 15, is likely to provoke considerable controversy. Some major industrial companies can be expected to oppose any departure from the Sandilands system.

But the proposals should be welcomed by banks and financial institutions, which regard the Sandilands proposals as inadequate for their particular circumstances. The new system, which will eventually replace traditional historic cost accounts, will be introduced over a four-year period, starting with quoted companies, nationalised industries, and other companies with assets or turnover in excess of £10m, and with accounting periods beginning after June 24, 1978.

This is six months later than suggested in the Sandilands Report. Companies with more than 50 per cent of their assets overseas will be given until 1979 to make the change, while, at the other extreme, businesses with a turnover of less than £100,000 may never have to make the changeover.

The discussion period for the exposure draft has also been extended from three to six months. But the document to be published on November 30 will not differ substantially from the original Morphet proposals. Running to about 80 pages, it would require companies to publish not only a balance sheet and profit and loss account, but also a supplementary statement comparing their performance with changes in the Retail Price Index.

The main features of the proposed profit and loss account layout under CCA are:

Operating profit/loss	£	£
Interest	£	£
CCA profit/loss before extraordinary items	£	£
Less: Extraordinary items	£	£
CCA profit for the year	£	£
Surplus arising from revaluation of assets	£	£
Less: Transfer to capital maintenance reserve	£	£
Net surplus/deficit available for appropriation	£	£

Wealth Tax plan may be dropped

BY ADRIAN HAMILTON

THE GOVERNMENT'S plans to introduce a wealth tax, held up since a divided committee reported last December, could be quietly dropped from the next parliamentary session as well, or further delayed with more time for public discussion.

In the face of continuing confusion over the current legislative programme, the Cabinet has yet to decide on the full list of bills to be mentioned in the Queen's speech next month.

It is known that the Treasury and some leading Cabinet Ministers would be happy if the wealth tax proposals were left out or "lost" in the next session.

Besides the political sensitivities involved in introducing such a tax at this time, it is felt that the Inland Revenue would be hard pressed to cope with a highly complex new impost.

Devolution

Already the Government is having to consider delaying the new session and letting some Bills lapse in the present session because of the pressure on parliamentary time.

With most of next year likely to be devoted to getting the devolution Bills through, the successful passage of some contentious measures such as employee participation and dock nationalisation appears less probable.

A wealth tax Bill, which would be bitterly fought by the Opposition and would require continuous amendment at committee stage, would add greatly to the Government's parliamentary problems.

Any further delay in introducing the tax would prove especially welcome to the City.

A select committee of MPs who studied the subject last year ended by publishing five separate reports because of their disagreements. Since then the City and the Confederation of British Industry have continued to object vehemently to the proposal, contending that the tax would have a disastrous impact on small businesses and would prove very costly to administer.

On the other hand, the tax remains a fundamental demand by the Left-wing of the Labour Party, which enshrined it in its last manifesto. It is a formal part of the social contract with the unions.

Open delay would bring strong protests from many Labour MPs.

Loan to U.K. 'none of our business'-U.S.

BY DAVID BELL

WASHINGTON, Oct. 24

Mr. WILLIAM SIMON, the U.S. Treasury Secretary, today described as "irresponsible and patently untrue" reports in London at the week-end that the U.S. and the International Monetary Fund had already agreed on detailed conditions for the proposed \$3.5bn. British drawing from the Fund.

This response, which the Secretary took the unusual step of issuing on a Sunday, was echoed by the IMF. Mr. William Dell, the Fund's acting managing director, said that the reports "have absolutely no basis in fact as to either the Fund's method of procedure or the particular nature and size of the terms."

"The Fund does not and cannot detail its views or detailed measures until after a careful examination of the economic indicators on the spot."

An IMF mission is expected to leave for Britain within two weeks.

Mr. Simon said that the negotiations between Britain and the IMF were "not any of our business, and reports of this kind could create severe disorders in foreign exchange markets."

In spite of all the moves of the last few weeks the sterling market has remained weak and nervous, and there are fears that even small incidents could cause a sudden slide difficult to control.

The Government has contingency plans in this event, including sterling import deposits. But the Bank of England would have to support sterling at its present levels to still devaluation fears, thus using up further sums from the Central Bank credit. The whole process of negotiation with the IMF, and economic policy plans in the country, could be thrown into a higher gear.

Ford may seek Peugeot diesels for Granada

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. is undertaking a revision of its strategy on diesel engines, which may result in a deal with Peugeot, the French car manufacturer, to supply engines for a version of the Ford Granada.

The talks with Peugeot, a company which has produced a range of diesel engines for many years, came after a period of rapid expansion in the sales of diesel cars in Europe.

In response to this increasing demand, several Continental manufacturers have stepped up diesel production. Mercedes has built up its diesel car output to almost 80 per cent of its capacity; Citroen is planning to

allocate about 20 per cent of its output of the CX model to the diesel version; and Volkswagen is introducing a small diesel Golf.

The reaction of British car manufacturers to these changes has been more sceptical, although British Leyland is planning to put a diesel engine into the Princess. They feel that the conventional petrol engine has as much scope for economies as the diesel.

Ford has been a strong supporter of this approach and remains unconvinced of the argument for diesels in smaller vehicles, despite Volkswagen's new involvement.

Rhodesian sides still as far apart as ever

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

GENEVA, Oct. 24

THREE DAYS before the formal opening of the British-sponsored Rhodesia conference here the African Nationalists and white Rhodesians have issued statements which suggest that their public positions are as far apart as ever.

While the dispute centres on the so-called Kissinger plan, it clearly masks deep divisions on the purpose of the conference. Mr. Ivor Richard, the British chairman, must work hard to find a common basis for negotiation between the five main participants.

Two Nationalist delegations, led by Mr. Robert Mugabe and Mr. Joshua Nkomo, arrived here this morning. The two others, headed by Bishop Abel Muzorewa and the Rev. Ndabaningi Sithole, are due tomorrow morning.

Mr. Mugabe said on arrival: "The theme of the conference must be the transference of power and the achievement of independence within the next few months."

While speculation continues as to whether the U.S. and Britain, have climbed down on the deal sold by Dr. Kissinger to Mr. Smith, it is clear that the central

issue now is whether Mr. Smith is prepared to negotiate an interim Government which would give real power to the Nationalists.

Mr. Smith's delegation insists that this is impossible. They say the main point of the conference is to set up the Council of State which, with its white chairman, is the "supreme body" and would appoint an African majority interim Government on return to Rhodesia.

This would not be remotely acceptable to the Nationalists. However, so far Mr. Richard has not lost heart. Comfort is taken from the fact that all delegations invited are attending.

Indicating that they expected Mr. Smith to make concessions, British spokesmen said that the Rhodesians were well aware of the Anglo-American view that the Kissinger plan was simply a basis for negotiation, and that if Mr. Smith were not prepared to negotiate on it, he would not be in Geneva.

Editorial comment, Page 14

More cuts in spending plans

BY COLIN JONES

THE GOVERNMENT has accepted that local authorities have made further reductions in their spending plans since July. But the cuts have not been large enough to prevent what Ministers consider could still be a significant measure of overspending during the present financial year.

The probable over-run in revenue expenditure is now put at about £175m, as against a forecast of £243m. In July and one of £517m. In May when local councils first returned details of their 1976-77 budgets.

These figures, which are all at November 1975, prices, do not allow for the deficits on local authority housing revenue accounts where an excess of about £100m. was predicted in May and one of about £80m. in July.

In overall public expenditure terms, the prospective over-run now looks like being about 2.24 per cent in real terms.

This is a marked improvement on the figure of 5.4 per cent and 3.4 per cent indicated earlier in the year. It is still more than Mr. Peter Shore, Environment Secretary, is prepared to accept.

Some local authority leaders are claiming that any overrunning on current account could be largely offset by underspending in capital programmes, where spending intentions have been cut by a further £70m. since July.

But at this stage, Mr. Shore is inclined to doubt whether the latest reductions will do more than bring expenditure back on course with the Government's original guidelines.

On either view, local authorities output of at least an additional

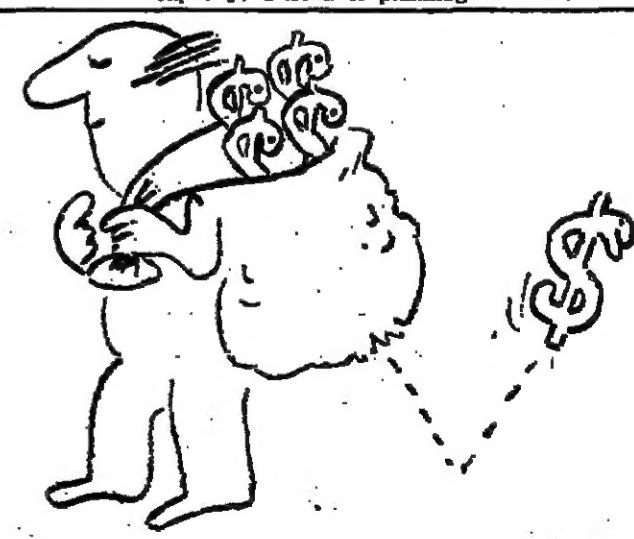
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Macbeth

by MAX LOPPERT

It is an uneven, crowned with a hard, hideous, present Royal Opera judge by Thursday's performance, aims at the unevenness of the dramatic temperaments—that is, low, with few peaks or excitements. The as, in short, as boring as such certain singing could be.

the more difficult but the more rewarding to principal roles, is to the firm, well-articulate and the tall, are of Sherrill Milnes, to explain his almost failure to make any dramatic impact, one just as cause the way seemed most of the be addressed to the best, to the edge of the strait pit, never once the audience in the

Entertainment
is on Page 30

otency of his persona-
the way Mr. Milnes
often to confuse busy
nerves—be contrived
of staggers, clutch-
neatly managed fall-
ing, and variety
in Mr. Milnes' voice
apparently at only two levels of
low and high, which
necessarily synonymous
and loud, but hardly
ad. So often through-
evening one has the
of a lesson diligently
learned, without
identification, that by
of "Pietà, rispetto,
ad a line of greater
is, it was hard to
in the performance,
when the aria was
attention.



Grace Bumbury as Lady Macbeth

Covent Garden/Sadler's Wells

Ashton Ballets

by CLEMENT CRISP

Programmes at the week-end by both halves of our national ballet were devoted to Sir Frederick Ashton, founder of our choreographic fortunes. On Friday night in Rosebery Avenue, the Wells company regained possession of the *Two Pigeons*, and preceded it with *Les Rendez-vous* on the following evening at the Opera House we saw *The Dream*, *Monotones* and *A Month in the Country*. Like many ballet-goers I count my viewing of these works by the score, yet the felicitous of image and step, the unerring rightness of Ashton's response to music (a quality clear even in the *Rendez-vous* of 1933), never fail to delight. Grown out of the music, the dances flourish over the years, and like plants, are sustained and nourished by the score in which they are rooted.

On Friday, despite a brisk and brusque orchestral account of *Rendez-vous* which had the dancers scampering, and trimmed the pretty cadences of the dance phrases, Ashton's skill in setting out the movement made his cast look youthful and charming. What is needed is a greater sense of poise in the leading roles, which remain the portraits of Markova and Lidi-Kovkovi who created them.

The diamond sparkle of Markova's technique, her exquisite port de bras, are recalled at every moment in the leading girl's dances, and although Markova is not in the part, she could with advantage be coached in these matters of finesse, in which the true flavour of the choreography resides.

The *Two Pigeons* suits the present ensemble as it suited the one-time touring company. It is a young ballet, and the eager enthusiasm of the Wells Royal Ballet makes a great deal of the ardours and deceptions of its love. Margaret Barbieri is adorable as the young girl—she manages exactly the balance between comedy and sentiment—and she looks irresistible. Brenda Last is the gypsy, all dash and flaunted fringing, and

Belgrade Theatre Festival

by MICHAEL COVENEY

The best theatre festival I know the Belgrade International Theatre Festival, celebrated its tenth anniversary last month with a programme truly representative of the state of world theatre. Probably the most eagerly awaited troupe was the Na Taganka from Moscow, on their first trip outside Russia (with the exception of a brief visit to Bulgaria) since their foundation on the quatercentenary of Shakespeare's birthday, April 23, 1964. Their opening production, which is still in the repertory, was Brecht's *The Good Woman of Setzuan* but their three shows for Belgrade were *Hamlet*, *Here The Dawns Are Quiet*, a tale of the Second World War, and an adaptation of John Ford's *Ten Days That Shook The World*.

Na Taganka were presented in the hallie 212, the headquarters of the festival and, for the rest of the year, a homelier, smaller version of our Royal Court. Although there is a place for Serbian drama both in the festival and in the regular repertory, the directors, Mira Trilovic and Jovan Cirilov, have an ear permanently cocked towards noises in the West. Even during the festival, Mr. Cirilov was working on a translation of Howard Brenton's latest play, *Weapons of Happiness*. It is this truly international enthusiasm for the theatre that has been at the root of BITEF's success. Old ties with Britain were honoured when Joint Stock arrived in the second week with the production by William Gas-kill and Max Stafford-Clark of *The Speakers*.

There has always been room at BITEF for the laboratory work of Grotowski or Barba, the classical, innovative work of Krejca or Planchon and the lavish avant-garde of Victor Garcia and Bob Wilson. We see nothing to rival a programme like that in this country and although the steam has undoubtedly gone out of the festival movement that sprang up in the late '60s, if anything really sensational or exciting is produced in Europe within the next 12 months you can lay your money now that you will be able to see it within the next three years in Belgrade.

The Na Taganka's *Hamlet* is about six years old. The stage is dominated by a huge array of the very first scene, moves strikingly about the stage in time with the voice of the Ghost. It steamrollers the members of the Watch and then heaves into a great stage position for the court scene. Some commentators read into all this some heavy symbolism: the characters in the play were either on the right side or wrong side of the wall. I am not convinced about that, but the thing never stopped moving, usually to the accompaniment of some crashing recorded music of the sort used in Eisenstein's films. *Hamlet* was given an exciting reading by V. Visotsky, by turns sullen and impetuous, rapping out his lines at great speed and often with arresting vitriol.

An even older stalwart of the Na Taganka repertory is their version of the vivid account of the Bolshevik revolution. Here Lenin was much in evidence in the form of huge photographs and a recorded voice. The show used all sorts of clever techniques of shadow theatre, stencils on the old agitprop posters, the circus and revolutionary songs. It was touching in its naive respect for part of history, so no one could have expected Trotsky to figure. But it

was typical of the show's mentality that the discredited old Socialist leader Kerezhov should be portrayed (in a virtuoso piece of comic acting by Visotsky) as a lecherous old clown. *Ten Days That Shook The World* is thus reduced to a red revue and, in all honesty, it is not very well done. On entering the Ateljee we had red ribbons pinned on our lapels and the evening ended with the showering of the auditorium with propagandist pamphlets.

The third show (all three are directed by the theatre's founder, Yuri Lyubimov) was, unlike the other two, not even controversial. *Here The Dawns Are Quiet* proved to be a chauvinistic tear-jerker about a Russian female patriot coming to grief in the Second World War. One by one the girls meet a grisly end and each is commemorated in an even more grisly epitaph of flashback to happier days with friends and relatives to the accompaniment of the balalaika.

The Ateljee, with its flags and bunting, its trumpet calls before each performance, its Press room open daily in the basement, is the festival centre. Each day a different troupe is unloading scenery and crowding into the upstairs offices to collect information and receive reassurance. Each afternoon, artists and public alike assemble in the large circle hall to discuss the previous night's performance. Then, during a brief adjournment before the next performance, arguments are developed over cups of coffee and glasses of beer in the neighbouring street cafes. Then the festival spreads out to the Opera House, or the National Theatre or even a small museum on the city outskirts.

Also on the programme: the Mabou Mimes and Bread and Puppet Theatre from New York; Robert Wilson's five-hour unim-errupted "opera," *Eisenstein On The Beach* (which, alas, I had to miss when it was being performed by Wilson to England); a production by Andrej Wajda about Danton which tips the balance in Robespierre's favour; a group of performers from the university of Mexico City performing a morality tale about a whore with a heart of gold; and Garcia's production for the Nuris Expert Company of Calderon's *Divina Palombara*.

Vaudeville

Out on a Limb

When Graham makes love to the girl in the house on the other side of the mews, he fools his wife by tucking a pair of false legs under his car and setting a tape whistling Sinding's "Rustle of Spring". This joke suffices Joyce Maybourn for virtually the whole of the first act, but of course there have to be other people around to see the point. These are Graham's wife Tess (plus an evanescent mother); Bradley, a neighbour with a purely catalytic function; and Tess's employer, Clifford, who, by an amazing coincidence, also makes love to Graham's spare girl, Ellie.

With so many characters on hand and the leg trick exposed, there has to be a plot, or anyway a series of comedy situations, for the second act, and though they can hardly be called night-horror, they do not reveal what the situations are, for it is their unexpectedness that provides the spice in the story, and since there are actually some people who find them unexpected (whereas I, their audience, could have predicted each one, though possibly not the order in which they are

Leeds Festival

L'Enfance du Christ

by MAX LOPPERT

For the final choral events, the Leeds Festival uprooted itself from the echoing spaces of the Town Hall to the dryness and clarity of the Grand Theatre. From a seat at the back of the Dress Circle, cloistered by the overhanging canopy, it was hard to tell whether Saturday's performance of the Berlioz Sacred Trilogies under Colin Davis was intentionally of extreme chamber-like intimacy; or whether the theatre had slumped the music down well beyond even its normally fatuous condition. Whatever the reason, it was a beautiful performance—not very beautifully sung by the present Festival Chorus, whose weaknesses in matters of ensemble, weight of tone, and confident musicianship are obvious; but played with wonderfully sympathetic likeness by the London Symphony Orchestra and led by a fine team of soloists.

In Berlioz the diminution of harmonic substance by acoustical processes matters less than in the most 19th century music; and in *L'Enfance du Christ*, or at least in this performance of the work, it seemed to matter hardly at all when the long Berliozian line was being shaped with such concentrated sensitivity and

Empire Pool, Wembley

Wings

by ANTONY THORNCROFT

Paul McCartney must be very happy. Last week's Wings concert, the climax of an arduous world tour, have lifted his group to an eminence as a performing band well in advance of anything achieved by the Beatles.

Paul McCartney must be very happy. Last week's Wings concert, the climax of an arduous world tour, have lifted his group to an eminence as a performing band well in advance of anything achieved by the Beatles. Critics have crowed and converted what miraculously combined superbly produced theatrical effects with the best of mainstream pop. Flares flashed; smoke spiralled; beams bounced; and lights illuminated the stage while Paul McCartney revelled in two hours and more of justification for his ambition and his music. As Wings climaxed with "Band on the Run" the McCartney phenomenon looked as safe and solid as the Beatles phenomenon.

And yet... there is something missing and it is probably feeling. One of the best received numbers was "Silly Love Song" and it sums up all of McCartney's strengths and weaknesses: a simple melody with predictable variations played by well-tuned professionals but lacking any genuine emotion; the emotion that John Lennon has by the ton and which so often makes

Festival Hall

Vivaldi

The immaculate sense of rhythm that distinguishes Riccardo Muti's conducting of Verdi and other 19th-century Italian opera composers was equally appropriate to the all-Vivaldi programme that he directed on Thursday at the Festival Hall with the New Philharmonia strings and Chorus. The Concerto Grosso in A major with which the concert opened benefited particularly from the flexible way in which the conductor allowed quite an amount of rubato, without weakening the pulse or weakening the tension of the music. The rest of the evening was devoted to three of Vivaldi's sacred compositions.

It seemed at first, in the Gloria in D (RV 589), that the full strength of the NP Chorus would prove a shade too heavy in texture and in belatedly the string body, grounded on four double basses. By the second movement, "Et in terra pax," this fear was already dissipated, it returned briefly in "Domine Fili genitum," where buoyancy was occasionally lacking, and was dispelled for good and all in the double fugue with which the work ends, which was beautifully light and airy. The soloist, Teresa Berganza, and Mira Zakai, combined melliflously in "Laudamus te," while the former sang the charming "Domine Deus, Rex Caelestis," with obsequious, in rather restrained style.

Miss Zakai, the young Israeli

Contemporary Music Series at the ICA

Every Sunday until December 19 there is a Contemporary Music Series concert at the ICA. The Mail. Last night's concert featured the work of Christopher Hobbs and John White. Next Sunday four other experimental composers will present their works: Michael Parsons and Howard Skempton, Dave Smith and John Lewis.

The six musicians have been active as composer-performers of experimental music since the days of the Scratch Orchestra, of which Skempton and Parsons were co-founders with Cornelius Cardew in 1969. Skempton and Parsons have worked together as a duo since

1974, and like Hobbs and White have been closely associated with exhibitions of visual work by the Systems group of artists. Smith and Lewis formed a keyboard duo in 1975 to play music by Terry Riley and Philip Glass as well as their own compositions. These four musicians are now working together, and in this concert they will present new works for percussion, accordion, horns and electric organs.

These two concerts are presented by Music Now and the ICA with financial assistance from the Arts Council. Next Sunday's concert starts at 6 p.m. but will have an interval from 7.15 p.m.

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OVERSEAS NEWS

Arab summit expected to endorse Lebanon accord

BY RICHARD JOHNS, MIDDLE EAST EDITOR

CAIRO, Oct. 24

ENDORSEMENT of the outline agreement on a Lebanese settlement reached last week at Riyadh is confidently expected to be given by the full-scale Arab Summit beginning here tomorrow.

Acceptance seems certain to amount to a recognition and legitimisation of Syria's paramount role in the Pan-Arab mediation—not the least because its troops will probably constitute the majority of the joint peace-keeping force which has been provisionally set at 30,000 men.

Rubber-stamp approval by leaders of the 21-member Arab League is by no means certain. However, with Libya absent and a relatively low level of Iraqi Algerian representation, the necessary facade of unity should not be too seriously shaken by criticism of the compromise worked out by Egypt, Syria, Lebanon, and the Palestinian Liberation Organisation at the meeting called by Saudi Arabia and Kuwait.

The eighth Arab Summit conference which has been convened specifically to discuss a solution to the Lebanese crisis begins amidst uncertainty over whether the cease-fire generally in force will collapse because of continued fighting in the South. But Israeli involvement there will at least give a common basis

for "Arab solidarity"—which is the only other item on the agenda.

Foreign Ministers were meeting to-night to prepare for the top-level gathering at which 15 heads of state will be present. Absentees will be President Muammar Khadaffi of Libya, President Bakr of Iraq, King Hassan of Morocco, President Bourguiba of Tunisia, Sultan Qaboos of Oman and President Boumedienne of Algeria. The turnout is far better than any one at the Arab League headquarters dared hope for two weeks ago when the chances of the conference (originally scheduled for October 18) being held at all looked slim.

President Bakr, in poor health for some years now, is reported to be sick, but by sending a delegation headed only by its Foreign Minister, Mr. Saadoun Hamadi, rather than Vice-President Saddam Hussein, Iraq has emphasised its displeasure with the Riyadh agreement which is seen on balance as a Syrian victory and a Palestinian defeat. Baghdad has already publicly condemned the accord in the official Press and in radio broadcasts.

It was always assumed that King Hassan of Morocco and President Boumedienne of Algeria could not appear together at the conference because of the dispute over the former

Spanish Sahara which has brought their two countries to the brink of war. At the same time President Boumedienne's decision not to take part reflects his regime's disapproval of the Riyadh formula. Last week Revolution Africaine (RA), an official Algerian mouthpiece, said that the Cairo Summit would be "pointless" because it would be reduced to approving decisions reached at the restricted summit.

The Summit has been preceded by a flurry of Palestinian diplomatic activity most notably by Mr. Yasser Arafat, Chairman of the PLO, who went to Damascus yesterday before travelling to Tripoli for talks with the Libyan leadership. Here the movement's main supporters apart from the Iraqi delegation will be President Salem Ali Robaya of the People's Democratic Republic of Yemen and President Boumedienne.

Suppression of the guerrilla's autonomy in Lebanon is not only a question of principle. In practical terms there are the problems arising from Mr. Arafat's agreement to abide by the Cairo accords of 1969 and their subsequent amendments which restricted the movement's presence to the refugee camps and the Akroub district in the south-east of Lebanon, as well as limiting the scope of operations against Israel.

Huge Peking crowds turn out for Hua

BY A SPECIAL CORRESPONDENT

PEKING, Oct. 24

MASS rallies took place to-day in the heart of Peking climaxing four days of noisy demonstrations in support of the moderate leadership of new Party Chairman Hua Kuo-fung.

An estimated 1m. people participated in a huge rally in Tiananmen Square in the centre of Peking. At around 3 p.m. local time Chairman Hua came on to the rostrum at the Gate of Heavenly Peace and was greeted by the sound of wildly beating drums and furious clapping from the enormous crowd.

He was flanked by Li Hsien-nien, still officially Vice-Premier, though fulfilling the public function of Prime Minister, and the full Politburo membership of the party, minus the four purged "radical" members.

A month ago, on September 18, the four had played prominent roles with Hua in another strong rally in memory of Chairman Mao. Hua on that occasion was flanked by Wang Hung-wen, once first party vice-chairman, who chaired the rally. Chang Chun, Chiang Ching, in widowed black, and Yao Wen-yuan. These four are now under arrest.

though officials have declined to comment on their whereabouts. The rally, called to celebrate Hua's elevation to the party chairmanship and the leadership of the Military Affairs Commission—be wore military uniform for the occasion—also celebrated the crushing of the "plot to usurp the party leadership."

Hua did not make a speech as expected, but the four disgraced "radicals" were denounced by a succession of speakers. In the main speech, Wu Teh, mayor of Peking told the crowd that Chairman Mao himself had selected Hua as his successor. He had written personally to Hua after his appointment as Premier. "With you in charge, I am at ease."

In a violent attack on the four "radicals," a People's Liberation Army "hero" told the rally that the decision to smash the gang had been taken by Mao while he was still alive.

The ceremony, televised live, was barred to foreign diplomats in Peking but the resident Press corps was allowed to attend. China has booked satellite time for to-morrow night to relay film of the rally around the world.

Sydney Morning Herald

Lira move attacked

BY DOMINICK J. COYLE

ROME, Oct. 24

THE DECISION by Italy's minority Christian Democrat Government effectively to devalue the lira by a further 7 per cent, while still subject to formal approval by the EEC monetary committee, will in fact come into operation on foreign exchange markets to-morrow.

This crisis measure should bring the current rate against the U.S. dollar this week roughly into line with last week-end's forward market, when the lira was being quoted at 930 for six months' delivery. The spot rate at Friday's Milan fixing was marginally above 868.

Criticism of the Government's latest measure, a 7 per cent surcharge on foreign exchange transactions, which is scheduled to last until mid-February of

next year, is not directed exclusively against the surcharge as such.

However, the Government has come under severe attack for "gross mismanagement" in having first lifted the original 10 per cent foreign currency surcharge on schedule after two weeks, then spending at least \$500m. of Italy's usable reserves, and finally reimposing a surcharge.

Sig. Guido Carli, former Governor of the Bank of Italy and current president of Confindustria, the national employers' organisation, has attacked the latest move as being yet another penalty on Italian production costs at a time when industry here needs to be more competitive internationally.

Solar energy criticised

BY DAVID FISHLICK, SCIENCE EDITOR

THE U.S. Government scientist responsible for the world's biggest solar energy research and development programme, totalling about \$100m. this year, has strongly criticised two of its main targets as unrealistic and inherently incapable of delivering energy competitively.

In a letter to the General Advisory Committee on Energy Research and Development Administration (ERDA), Dr. Robert Hirsch, in charge of solar, geothermal and advanced energy systems, asked the Committee to make its own assessment of the value of solar energy and to lay the facts before Congress and the public.

Dr. Hirsch's outspokenness could be politically embarrassing because of the hopes that have been held out by many politicians opposed to nuclear energy—not only in the U.S.—for solar energy as an alternative. The scale of the U.S. solar programme has been widely cited as evidence of the confidence of the U.S. Government in solar energy.

The goal of ERDA's solar concentrator programme—in which large arrays of sun-following mirrors are used to focus the sun's rays on to a solar boiler—is to produce a system costing about \$1,000 per kilowatt of electricity. This implies reducing present costs by a factor of between 25 and 100.

Carter has edge in final debate

BY DAVID BELL

WASHINGTON, Oct. 24

THE THIRD and last U.S. Presidential debate on Friday night has got much better reviews than the first two, with a majority of the polls once again giving the edge to Mr. Carter, but with neither candidate having said anything that is likely to dog him in the final days of the campaign.

Although two out of the three major polls, and most of the minor ones so far taken, give Mr. Carter a clear "victory," all three suggested that few minds had been either changed or made up by the 90-minute televised confrontation which was watched by an estimated 50m. viewers. But by the end the contrasts between the two candidates was clear, perhaps clearer than it has been so far in this long contest.

Both men tried to stick firmly in the middle ground. Mr. Ford cast himself as the candidate of the status quo. He sought to show himself as an experienced, able President who had calmed a troubled America, kept it at peace, improved the economy and

would not be a risk in the next four years. He closed with the hope that Americans would say on November 2: "You've done a good job, Gerry. Keep on doing it."

Mr. Carter readily conceded



Presidential Election

that Mr. Ford was a "good and decent man," but repeatedly insisted that the President's record was not good enough. It was, he said, one of indecision, inaction and indifference, particularly on the economy and on civil rights. In his final remarks the Democratic candidate noted that Mr. Ford had now been in

office almost as long as the late President Kennedy. "But what has he accomplished?" he asked. If Mr. Ford was more at ease than last time, Mr. Carter was relaxed and effective in conveying a sense that the country might be capable of more than Mr. Ford was asking of it. In the process he may greatly have reassured voters, who were worried about his political philosophy and he may possibly have undercut the concerted Republican attempt to make his "unstable, fuzzy and inconsistent" character the issue.

In this, if that is what did happen, Mr. Carter was greatly helped by the questions. The panel of journalists was much tougher than before, and repeatedly put Mr. Ford in the position of having to defend his record.

It may well be that in this debate it will be the questions that will be remembered long after the answers have been forgotten.

India assembly demand fails

INDIA'S Prime Minister Mrs. Gandhi has rejected demands for a constituent assembly to formulate a new constitution. K. K. Sharma reports from New Delhi. She told the Congress Parliamentary party yesterday that Parliament has full powers to amend the existing constitution. It means that the 52nd Amendment Bill is certain to be passed to-day. Feature, Page 11.

Polisario attack

The Polisario Front in Algeria claims to have inflicted severe losses on Moroccan forces in attacks on Angala and El Aïoun in the Western Sahara. Elirene Furness writes.

Transkei expulsions

Two Black South African actors have been released from detention and expelled from South Africa's Transkei tribal homeland the day before it becomes independent. FUL reports from Umtata.

The actors, John Kani and Winston Ntshona, were arrested after a performance of their play "Sizwe Bansi is dead" which Justice Minister George Matanzima said was "inflammatory." Feature Page 14

Soviets to recover from grain disaster

BY DAVID SATTER

MOSCOW, C

FIGURES just released for grain production in the largest Soviet republic indicate that the Soviet Union is rebounding from last year's agriculture disaster and is heading towards one of the largest grain harvests in its history.

The Communist Party newspaper Pravda to-day reported that the Russian Federation will sell a record 52,270,000 tons of grain to the State this year, an increase of 41,000 tons over the 52,180,000 tons the republic sold to the State in 1977, when the Soviet Union had its largest grain harvest.

The announcement for the Russian Federation follows the news that the Kazakhstan Republic this year will also sell a record amount of grain to the State. Kazakhstan this year will sell 18,360,000 tons, an increase of 1,650,000 tons over the 16,710,000 tons sold to the State in 1977.

The Russian Federation and Kazakhstan are two of the Soviet Union's three principal grain-producing republics and account for well over half of the Soviet Union's total grain production. The third principal grain-producing republic, the Ukraine, is reported to be having a very good harvest, but final figures are not yet in.

The figure for grain sales to the State in the Soviet Union increase recorded during indicates the amount of grain six months of the year.

each republic was able after accounting for needs.

In past years, Russian grain sales to the State have come between 20 per cent of the total Soviet harvest. By this measure, the republics appear to be a harvest of well in excess of 200m. tons.

The planned target grain production is 200m. tons. American agricultural officials who monitor the Soviet harvest closely in reaping their forecast and are now predicting a harvest of at least 200m. tons. In 1973, the record harvest was 222.5m. tons.

The Soviet central board to-day followed the publication of industrial output figures for the first three months of 1978, which showed a 4.5 per cent increase over the same period in 1977, compared with a target of 4.3 per cent.

The rate of growth for the period was down slightly from the 5 per cent increase recorded during the same months of the year.

EEC farm policy crucial to Britain

BY ROBIN REEVES

BRUSSELS, C

COMMON MARKET discussions of crucial importance to Britain's anti-inflation strategy are taking place in Luxembourg this week. Finance and Agriculture Ministers of the Nine are meeting to review the whole philosophy and workings of the common agricultural policies—presently providing windfall subsidies on U.K. imports worth some £150m. a day.

On the table will be the Brussels Commission's plan, announced last week, for the gradual but automatic adjustment of green currencies in line with market exchange rates. Green currencies are the artificially-fixed exchange rates used to convert common EEC farm prices into national farm price guarantees.

The Commission has proposed that as from next January, the windfall benefit of the arrangement to consumers in EEC food importing countries like Britain, with falling currencies, will be limited to a maximum period of two years; and that there also be a fixed ceiling on the gap allowed between the green rate and the market rate. This is in order to limit the import subsidy bill to the Brussels farm budget.

Mr. John Silkin, the U.K. Minister of Agriculture, has already made it abundantly clear he will not be agreeing to any Green pound devaluation at this week's meeting; though the Commission's proposal for a modest 4.5 per cent adjustment to trim the level of EEC subsidies on

U.K. food imports to present 37 per cent remains on the table.

More important for the time being, however, Mr. Silkin's Treasury colleague, Mr. Nigel Lawson, will be out to philosophy and workings of the general Common Market provisions providing windfall subsidies on U.K. imports worth some £150m. a day.

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Franco-Soviet chill

BY DAVID CURRY

PARIS, C

THE CHILL in official Franco-Soviet relations now appears to have spread to the French Communist Party's dealings with Moscow. This follows the participation last week of a member of the French Communist Central Committee, M. Pierre Juquin, in a rally in Paris to protest against imprisonment for political beliefs.

Although M. Juquin made it clear that repression in Latin America was his main concern, the French Communists went along with condemnation of Soviet treatment of dissident intellectuals.

The Soviet Union reacted sharply with the news agency Tass, condemning the French party for participation in "a dirty undertaking" as part of "a provocative mob."

This prompted the French Communist newspaper Humanité to read the USSR an uncharacteristically blunt lecture on how freedom was an essential condition for the establish-

ment of socialism.

The public row with the French Communist Party is unlikely to be welcome to the French which is trying to live a reputation for Stalinism.

Since the conservative in France will fight elections on the claim that Communists who have a joint programme with Socialists cannot be trusted, the union of the two dangerous animals allowed to govern, it is for the Communists to opportunity to emphasise separatism from the line.

The French Communist Party, published in the United States, is a 167-page book, \$10.00, \$12.00, \$14.00, \$16.00, \$18.00, \$20.00, \$22.00, \$24.00, \$26.00, \$28.00, \$30.00, \$32.00, \$34.00, \$36.00, \$38.00, \$40.00, \$42.00, \$44.00, \$46.00, \$48.00, \$50.00, \$52.00, \$54.00, \$56.00, \$58.00, \$60.00, \$62.00, \$64.00, \$66.00, \$68.00, \$70.00, \$72.00, \$74.00, \$76.00, \$78.00, \$80.00, \$82.00, \$84.00, \$86.00, \$88.00, \$90.00, \$92.00, \$94.00, \$96.00, \$98.00, \$100.00.

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A GUIDING LIGHT FOR JAPANESE INDUSTRY

For solving the 18th-month-old national crisis here. Commando leader Yasser Arafat was reported to have discussed the matter with Syrian President Hafez al Assad in Damascus yesterday. Mr. Arafat reported back to guerrilla leaders here that his talks with President al Assad were "very positive."

There have been repeated violations of the ceasefire here. Last night this Lebanese capital again echoed to the sound of explosions and machine-gun fire as rival combatants fought yet another battle in the devastated business centre and the southern suburbs. Each side blamed the other for the truce violations.

In the south, the ceasefire was not observed at all. More towns were said to have fallen to the Right-wing forces during the past 24 hours. The garrison town of Kham south-east of Marjayoun fell without a struggle. The Right-wing forces were mounting pressure on the Moslem Shia town of Bint Jebel. A Right-wing radio station said the town had fallen already but this was not fully confirmed.

WITH LEBANESE Right-wing Christians, reportedly backed by the Israelis, having made more military gains in South Lebanon, the issue is expected to be raised at the Arab Summit conference scheduled to open in Cairo to-morrow.

President Elias Sarkis, who left for Cairo by way of Damascus to-day, is carrying a detailed file on the situation in the south which he intends to submit before Arab heads of state as part of a Lebanese plan for solving the 18th-month-old national crisis here.

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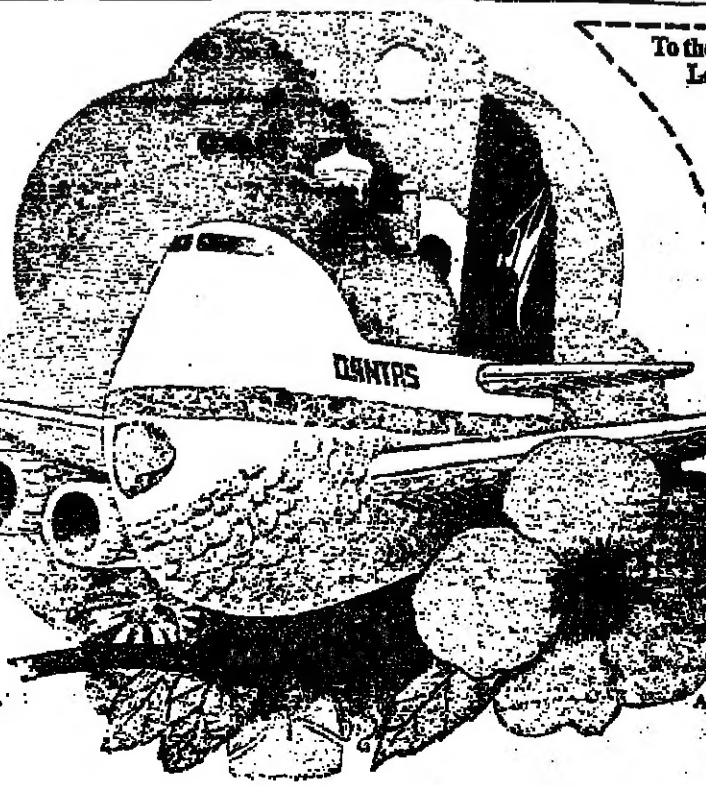
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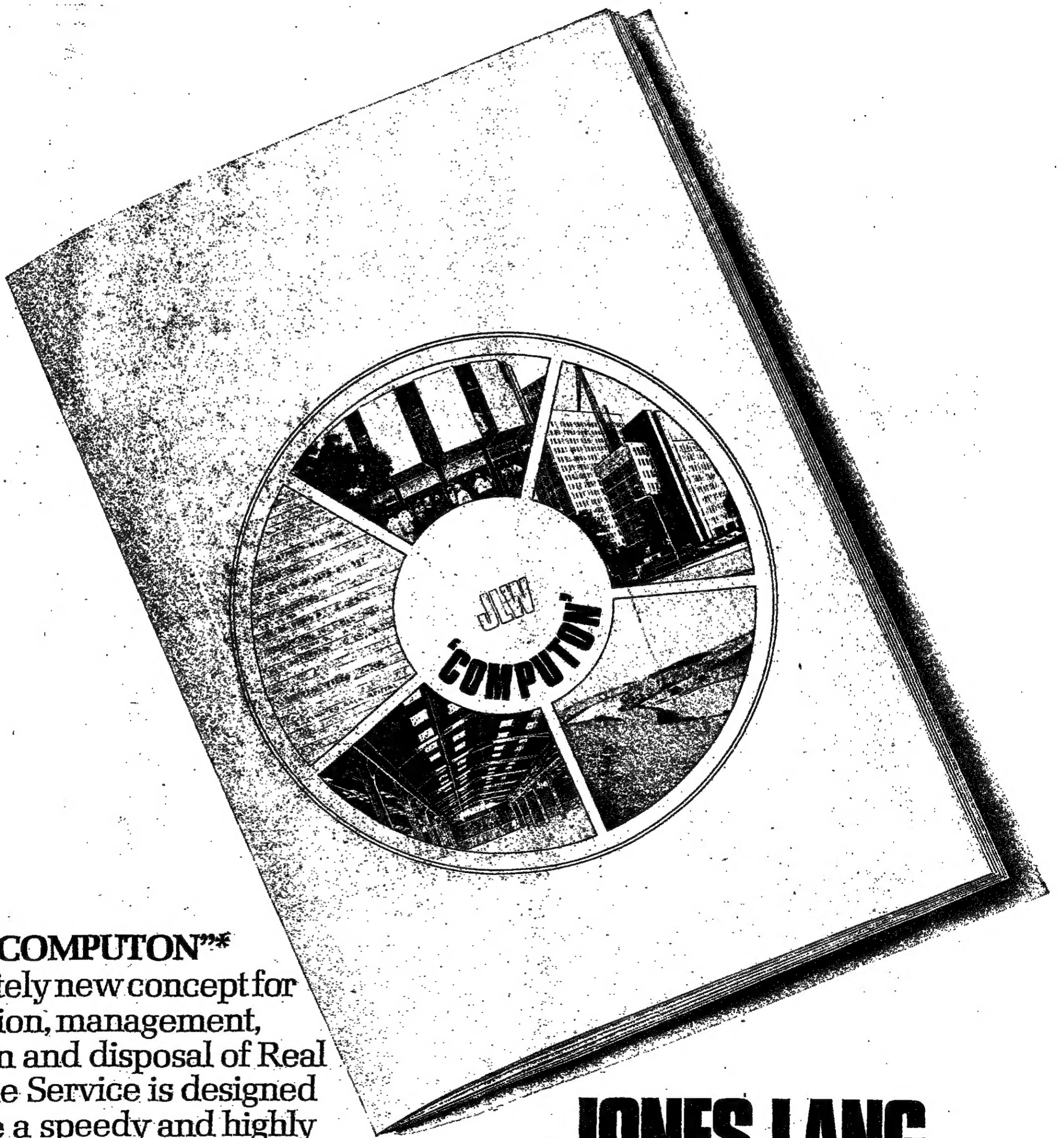
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTERS

● MATERIALS

Diamond cutter for non-ferrous metal

HARD ON the heels of the announcement of the CDA mosaic synthetic diamond built up by De Beers Industrial Diamond Division to meet the challenge of the bonded carbide materials comes a new synthetic called Syndite.

This is a diamond material produced in the form of a densely interwoven mass of randomly orientated diamond particles, therefore isotropic as compared with the mosaic formation of the CDA which provides controlled breaking of edges so that the cutter continuously provides fresh, sharp teeth to the material.

Mounted in a tungsten carbide support, Syndite is ideal for use in cutting tools, dressers, wear parts, diamond drawing dies and rotary drill bits.

Under certain conditions, this type of tooling can outperform pure diamond in single crystal form. One test carried out at the De Beers centre at Sunninghill compared operation with Syndite against operation with single diamond on aluminium silicon material with 18 per cent silicon content.

The two have similar economic cutting rates so that Syndite is already an effective substitute for diamond. But it also has superior shock resistance under interrupted cutting conditions.

The tungsten carbide substrate provides rupture strength of 250 kg per square mm, combined with a Young's modulus of 50,000 kg/sq. mm, which permits interrupted cutting at very high speeds of practically any non-ferrous workpiece.

More from the company at Chertsey, Sunninghill, Berks. 0990 23456.

● COMPUTING

Surveyors set up a network

COMPUTER ADVISORY Services for Management (CASM) of the CAP group has completed a full on-line project for Jones Lang Wootton, chartered surveyors and property consultants with 29 offices in 15 countries.

The fundamental aims of the JLV project are to provide a matching service in the agency and investment departments; support a partnership-wide property, client and applicant information service; maintain a high level of security and provide on-line archives of completed property records.

Additionally, the system must deal with future links with European centres and other JLV systems such as portfolio valuation, estate management and accounting.

The CASM work ranged across a wide spectrum of capabilities and involved three feasibility studies, the data processing management role, operations and staff hire, demonstrations and user training, system installation and documentation.

JLV's computer, an ICL 3903 with three disc drive units and six ICL 7502 terminal processors to drive 135 visual terminals and five term-printers, is located in the partnership's Mount Street, London offices.

CAP is at 14, Great James Street, London, W.C.1. 01-242 0021.

Improved

single card machine

INTEL has announced what it describes as its second generation OEM single card computer, the SBC 80/20.

It contains the basic sub-systems of the SBC 80/10 announced in February but has enhancements to meet the needs of original equipment makers requiring more powerful systems. The improvements include full multi-processor ability, program-

available in the U.K. from Richard R. Leader, Fordwater Trading Estate, Chertsey, Surrey (Chertsey 82766).

Designed for the food, drink, chemical and packaging industries, the unit can test up to six samples at a time; the results are recorded on a six channel potentiometric recorder.

The foil or film is placed in a test cell as a separation between a space of saturated atmosphere and a previously dried space of known dimensions containing a moisture sensor. The increase of relative humidity as a function of time is continuously monitored.

Whole packages are put into a chamber in which the atmosphere is either moist or dry according to whether ingress or egress of moisture from the package is to be measured.

Again, a sensor detects changes of relative humidity, outside the package.

Low foam use in Britain

MAIN message transmitted at a recent London trade presentation on expanded polystyrene by BASF was that U.K. usage was not as high as it might be.

Figures produced by the company for per capita consumption in kilograms are: West Germany 1.82, France 0.76, Italy 0.43, and the U.K. a mere 0.27. Finland exhibits a remarkable 2.34 kg per head.

The figures are partially a reflection of climate (much of the usage is in building construction) but attitudes to housing standards and expenditure are also different according to U.K. managing director Walter Maack who added that "many Germans expect to die in the house they build in early middle age; in Britain people seem to be more mobile."

In any event BASF seems determined to improve its claimed

able interval timers and programmable interrupt control, with the latter two functions implemented by means of two new large-scale integrated circuits. Also offered are new OEM die drivers and controllers for bulk storage.

Throughput and real time responses have been improved and the OEM can use the multi-processor ability to scale up computing power in a completely modular and flexible way. Multi-processors of up to 16 SBC 80/20 units can be implemented.

Two 8255 programmable peripheral interfaces provide the 48 input/output lines which are organised as six eight-bit ports and these can be used in a large variety of software-selectable modes for connecting external devices.

The other new device on the card is the 8259, a device which handles interrupt vectors which are organised as eight priority interrupt levels for the 8080A CPU. More from 4, Between Towns Road, Cowley, Oxford. 034 376 (0965 771431).

Terminal can read both ways

BILINGUAL, an Arabic/English visual display computer terminal developed by the Scientific Development International terminal, for which the company already has placed orders counting up to 32 units.

Seicon has developed its own character set and instructions for the terminal so that characters are displayed fully joined up to each other as appropriate in the script. Legibility is increased substantially by the use of a 10 x 6 dot matrix.

Arabic is written from right to left, while numerals and English go in the opposite direction. No operator intervention is required as the terminal itself calculates direction and display space.

Seicon (a BP subsidiary) is launching the equipment next month and expects the unit to couple of minutes of unpacking. The line may be hitched round a clear and trailed from the quarter or alongside.

PP7 batteries are used giving a life of about 300 hours—an average season's running.

one third share of the U.K. market although it is having to do so in the face of an increasingly adverse mark/sterling exchange rate. All the product is made in Germany and the 600 strong U.K. workforce is employed in sales and distribution.

Costs less than foil laminations

ONE of the first frozen food companies in the U.K. to flow-wrap its products in a Metathene M film lamination is Jus-Rol, of Berwick-upon-Tweed, which makes puff and short crust pastries.

This company had used an aluminium foil lamination but was looking for a more economic alternative which still retained the foil image. Using the new Metathene M film, printing with metallic inks, is stated to have met both criteria.

Developed and made at Metal Box's Portsmouth factory, Metathene M is a lamination of polyester, claimed to be particularly suited to deep freeze applications. In addition to a reduction in material costs, Jus-Rol has gained further savings through increased efficiency and reduced wastage on the packing machines.

Both the 71 and 13 oz. packs are gravure printed in full colour and this is believed to be the first time that metallic inks have been used in such a lamination to enhance the design.

Details from Metal Box, Queens House, Forbury Road, Reading RG1 3JH (0734 581177).

New kind of wall covering

STRIKING out in competition with the wallpaper and paint manufacturers is Sterling Roca, part of the 580m. Sterling Winthrop Group, itself a subsidiary of Sterling Drugs of the U.S.

Product is called Fibron. Aimed at the do-it-yourself market, it will be sold in 11 x 5 inch diameter drums at £5.30, sufficient to cover an area of 20

square feet of wall. Drum contains variably dyed short, fine nylon fibres and a packet of adhesive. The contents are mixed with water to form a paste which is applied to the wall with a plasterer's trowel or a similar plastic tool supplied by the company. When dried out—in about 48 hours—the finished appearance is somewhere between a tweedy fabric and cork.

And from being something completely different, the finish has the advantage of filling cracks easily and offering a small degree of acoustic and thermal insulation. It can be applied to most surfaces and is available in 11 colours. Cheltenham, Gloucestershire, S30 4YP. (0741 33171).

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● PROCESSES

Laboratory gear cooled

ELECTRON microscopes, magnetic and X-ray spectrometers, lasers, and many other systems in both research and quality control laboratories, have to be kept cool. Often the cooling system is a modified version of an industrial or domestic refrigerator, and is usually large and noisy.

Designed for use with expensive equipment in medical, research and industrial laboratories, are closed-circuit refrigerated water coolers by F. and S. Cooling, Wellington, Somerset (082-347 3281), a Newnam Industries company.

The range covers ratings from 2 to 5 kW, with capacities from 320 to 800 litres/hr cooled through 5 deg.C. The units are in sound-absorbent cabinets, with services and air-duct connections at the rear. The coolers are 2 feet square and up to 5 feet high.

Advantages claimed for Hydropac compared with a central water system, are that it requires minimal excavation, which provides working areas ranging from 3 x 3 feet to 5 x 7 feet.

Called Pyrotherm, the process is said to be suitable for almost all cleaning applications such as removing paint, resins, epoxides and greases from pipes, flanges, electric motor coils, wire and automotive components. Custom-built systems can be supplied. Components are heated up to 550 deg.C by immersing them in the fluidised sand, and the coolers are thermally attacked, then removed by the agitation of the sand. No scouring or over-heating occurs, says the maker.

The sand is circulated and heated through a gas burner. A duct burns off any pollutants and impurities. Components or batches weighing up to 1,500 lb. may be treated.

It can be supplied for installation alongside an existing or a new paint spray booth. Alternatively, it may be installed remotely from the booth but reliable in service as well as engineered into the existing sume system.

TO REDUCE the size and cost of plant used for the separation of paint and collection of paint over-pumps and kinks from Ferranti spray. Carrier Engineering Co., Company, has developed a self-contained equipment called 50 places in 1976.

These last stations have been coming into service at the rate of around one a week in the new paint spray booth. Alternatively, it may be installed remotely from the booth but reliable in service as well as engineered into the existing sume system.

CLAIMED to rival chemical stripping, is a method of industrial cleaning and coating removal using hot fluidised sand baths.

GOODYEAR has a non-flammable adhesive for production safety in confined work areas. Fluobond 5015 contact adhesive is particularly well suited for marine and furniture industries because it can be used without danger of combustion in small, unventilated work areas such as boat hulls and furniture cabinets.

Made with a thermoplastic rubber polymer base, the adhesive has been engineered with versatile bonding characteristics that include wood, fiberglass, supported vinyl, steel, aluminium and hardboard. It can be applied by spray, brush or roller and has been tested to have heat resistance of 200 degrees F.

Goodyear International Corporation, Department 965, Akron, Ohio, 44316, U.S.

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● RETAILING

Electronics grow in the paint spray separation

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CONTRACTS AND TENDERS

KINGDOM OF MOROCCO
Ministry of Commerce,
Industry, Mines and Mercantile Marine

Société Nationale de Siderurgie (SONASID)
INTERNATIONAL
PRE-SELECTION NOTICE

C—Third List
The SOCIÉTÉ NATIONALE DE SIDERURGIE intend to construct an integrated steelworks which will be located in the Province of Nador on the Mediterranean Coast and which will initially produce one million tonnes of liquid steel for the manufacture of billet, rod, bar and section.

It is anticipated that commissioning of the steelworks will take place at the beginning of 1980. The steelworks is being divided into several sections, civil engineering excluded, for which two lists have been given in previous notices.

This notice relates to the following sections:

Ref Section Size Date of call for tenders Date of completion

C1 Port—materials handling Conveying systems and bunker, rail charging at 1000 tonnes/hour based on iron ore Handling, stocking and reclaiming systems for the principal raw materials 1 February, 1977 1 December, 1978

C2 Lime burning plant 2 kilns each with burnt lime output of 100 tonnes/day 1 March, 1977 1 February, 1980

C3 Oxygen plant 250 tonnes per day 99.5 per cent purity oxygen 1 March, 1977 1 April, 1980

C4 Overhead travelling cranes—1 6—EOT cranes, 30 tonnes to 220 tonnes capacity 1 January, 1977 15 January, 1980

C5 Overhead travelling cranes—2 8—EOT cranes approx 40 tonnes capacity 1 January, 1977 15 January, 1980

C6 Overhead travelling cranes—3 20—EOT cranes 10 tonnes to 30 tonnes capacity 1 January, 1977 15 January, 1980

C7 Mechanical services Water, gas, oxygen etc, interplant services, including treatment and storage plants 1 June, 1977 1 February, 1980

C8 Electrical distribution Distribution system HT and MT (225 kV—20 kV) including three transformers 40 MVA each, switchgear cables, etc at the works and the Port of Beni-Enzar. 1 April, 1977 1 December, 1978

The financing of the plant and services will be provided as necessary from the following sources:

1. SONASID funds.
2. Buyers credits available in some countries and granted by the export aid financial institutions of those countries.
3. Credits granted by international development banks.

Firms interested are invited to write to: Monsieur le Directeur General, Société Nationale de Siderurgie, 16 Rue Abou Inane, RABAT—Morocco. Telex: 51721 M. before 8 November, 1976, stating the reference numbers of the section(s) for which they would like to receive the relevant pre-selection documents and a questionnaire.

The completed questionnaire returned within the specified time limits will be used for drawing up lists of prequalified contractors who will be invited to tender.

REPUBLIC OF BOTSWANA

BOIPELEGO EDUCATION PROJECT

TENDER REGISTRATION NOTICE

The Government of the Republic of Botswana has received Loan Nos. 12748T and 1275 T-BT from the International Bank for Reconstruction and Development (World Bank) to assist in the expansion of its educational system.

The Botswana Government invites suppliers of educational furniture and equipment to participate in international competitive bidding.

(ICB) FOR UP TO TWO-AND-ONE-HALF MILLION DOLLARS (U.S. DOLLARS \$1.5M).

worth of material to be delivered during the period January 1977 to December 1979. The furniture and equipment purchased will be for secondary schools, teacher training and adult education facilities, education through radio and correspondence methods, plus brigades' training programmes and a multipurpose education centre which both include rural skills training.

For details, including tender registration application, contact:— Procurement Section.

200 MW GAS TURBINE GENERATING PLANT

Tenders are invited by the State Electricity Commission of Victoria, Australia, for the manufacture, supply, delivery and erection of a 200 MW Gas Turbine Generating Plant including transformers, switchgear and plant enclosure to be installed in the State of Victoria, Australia.

Facilities are available for the scrutiny of all relevant specifications at the offices of the Agent General for Victoria, Victoria House, Melbourne Place, Strand, London, W.C.2, and appointments can be arranged by telephoning 01-896 3466.

The closing date for receipt of Tenders in Melbourne, Australia, is 9th November, 1976.

CONTRACTS AND TENDERS ALSO APPEAR ON PAGE 34

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The One name to remember

GKN Keller Foundations

WORLD TRADE NEWS

Major bank guarantee for Saudi Arabia arranged

ANCIAL TIMES REPORTER

SAKTHROUGH in raising guarantees for large Middle East contracts has been secured with the signature by 40 international banks of a \$1.2 billion syndicated guarantee facility for the industrial port project in Arabia.

The facility has been arranged by a National Commercial Bank-led consortium of 40 banks, for whom the Saudi government also represents a bank step forward in its industrial banking operations. The project is one of the elements in Saudi Arabia's \$5 billion development plan awarded to the Hyundai Construction Company of South Korea in June.

Bank originally provided performance bond and advance payment guarantees worth \$1.2 billion, or 30 per cent of the contract price. Under the facility, the international banks will issue standby letters of credit worth \$1.2 billion in the NCB's favour, leaving it with the balance of \$327m.

The facility is the first of its kind to be arranged with such a large number of international banks, and the first for such a big amount. Such were the technical and legal complexities that the transaction took over three months to complete before the signing in London late last week. Mr. Frank Neyens, one of the First Boston advisers seconded to the NCB and involved in the project, said: "It solves some very basic problems for big con-

tract awards." He foresees more deals of this kind fairly soon, now that the legal structure for such a complicated transaction has been pioneered.

About 60 per cent of the transaction was placed with Bank of America, Chemical Bank, Barclays International, the UBAF group, Lloyds International, Bankers Trust, Mellon Bank and Kuwait Foreign Trading Contracting and Investment Company. Other U.S. banks include Citicorp, European, Japanese and Arab banks also took part.

Omar Bajjal, director of the NCB's international division, admitted that Hyundai would have found it very difficult to take up the Saudi contract if the NCB had not been willing to look for a new form of providing bank guarantee facilities.

Optimism in Israel over EEC imports

By L. Daniel

JERUSALEM, October 24.

MOST of Israeli industry will be able to stand up to competition from European producers as Israeli tariff barriers are gradually reduced on industrial goods from the EEC under the agreement between Israel and the Common Market, which came into effect a year ago.

This is the conclusion reached by the Ministry of Commerce and industry here as a result of a study of some 600 local firms, accounting between them for about a third of Israel's total industrial output.

In total, 35 per cent of the firms questioned claimed that they would not be faced with competing imports, 27 per cent thought that they would be faced with strong competition, while the remainder regarded the influx of foreign products as marginal.

Only about 6 per cent of all industrial firms will have to close down for completely changing their lines of production, while 21 per cent will have to streamline their operations, according to the director general of the Ministry, Mr. M. Mandelbaum.

He estimated that between 12,000-18,000 workers will have to be transferred by stages from their present workplaces to more efficient firms, with that process to be completed by 1983.

He stressed that most firms were ready to make the necessary adjustments required in the light of the stage-by-stage cut in Israeli tariffs to zero over the next decade. (Israeli industrial products will be permitted to enter the EEC duty-free from next July.)

Meanwhile the Commission earlier this week authorised the start of negotiations at the end of this month on the financial and supplementary protocol with the Market which Israel has been seeking for some time. The financial protocol is to provide Israel in the first instance with a loan of 30m. units of account (about \$33m.) from the European Investment Bank.

SOUTH AFRICAN MINERALS

More glistering than gold

By RICHARD ROLFE IN JOHANNESBURG

THE SOUTH African authorities have in the past six months commissioned the two new harbours of Richards Bay, in Natal, and Saldanha on the Western Cape coast. With associated port and railway facilities, these projects had cost more than R2bn. (about £1.3bn.) but they are making possible a big rise in the Republic's base mineral exports which are set to double from R1bn. in 1975 to about R2.1bn. in 1978.

The projections are in constant Rand: they are based on volume increases and make no allowance for any price changes over the period. Hand in hand with development of the new ports have gone a number of big mining and ferro-alloy projects intended to supply the necessary foreign exchange earnings by exploiting an increasing portion of the Republic's natural resources.

These projects have generally been notable for the way many have been joint ventures between local mining groups and major multinational concerns, particularly from the U.S., involving mining, industrial, and oil companies.

A few years ago, coal exports were limited to a small quantity of anthracite. Six years ago, a group of mines entered into a contract to supply low ash blend coking coal in a consortium of Japanese steel mills. It provided base load of 2.5m. tons per year for the rail spur to Richards Bay and the coal loading facilities. Since then a number of contracts have been signed, and deliveries are now at a rate of 4m. tons a year and will build up to 12m. tons from April 1979.

The multinational involvement has been most conspicuous in the final phase of the programme, from 12m. to 20m. tons. U.S. Steel. The possibility still remains of a semi plant at R80m. colliery, Ermelen Mines, Saldanha, costing R1.3bn. completion project known as ERGO.

produce 3m. tons per year. Rand ore and producing 3m. tons per year of semis at around R100 per ton. A consortium including Anglo-American's Amcoal subsidiary, Voest of Austria and other European steelmakers has been in existence for some time, but its existence for some time, but its existence and possibly demand projections are among the problems.

Coal exports will certainly be raised above 20m. tons a year during the 1980s, but Richards Bay will have to be expanded Bay port, is led by Union Corporation and Quebec Iron and

The platinum figure reflects recovery to rated capacity at Impala and Rustenburg over the next two years plus some expansion at Rustenburg. It also allows for sales of by-products, principally copper, nickel, palladium and rhodium.

Finally, ferrochrome is another area of great potential if only because few ferrochrome plants are being assembled anywhere else in the world and the growth rate seems likely to be high. South Africa's competitive advantages of cheap labour and electricity are rapidly being whittled away, but on the other hand the bulk of known chrome reserves are in the Republic, mainly in the Eastern Transvaal.

The two new projects are known as Tubatse (controlled by General Mining and Union Carbide) and Consolidated Metallurgical Industries (JCI and Showa Denko of Japan) both have a rated capacity of 120,000 tons per year of ferrochrome.

For the Republic's foreign exchange earnings all that means is that if, as seems quite likely, the gold price stays around current levels, mineral exports other than gold over the next two years will equal gold as a foreign currency earner, probably overhauling it during 1978.

In 1975, total gold sales at R2.5bn. and merchandise exports (all other exports) at R3.6bn. fell short of imports and net service payments by R1.8bn. Continuation of this trade deficit in the current year has been one of the main factors precipitating the recession in the South African economy now.

Base mineral exports look like being the one growth area which affords escape from the endemic trade account deficit, but any growth above end-1978 projections will depend on the availability of overseas capital to plough into the next generation of projects—essentially a political problem.

S. AFRICAN MINERAL EXPORTS

Mineral	Projects	Additional annual exports 1978-79 (Rands m.)
Coal	Export rise from 4m. to 12m. tons	250
Iron ore	Iscor exports 18m. tons	40
	Private sector 3m. tons	40
Titanium, beach sands	Richards Bay iron and titanium	100
Uranium	Increase of 4.9m. lbs.	130
Platinum and by-products	Expansion at Rustenburg, Impala	150
Diamonds	Koigmas (De Beers Namakwaland)	50
Copper	Palabora extension	50
Ferrochrome	Two new facilities plus extensions	100
Total		1,170

pumping technology can be improved to move it by pipeline. In addition, the Government needs to resolve its ambivalent attitude to exports, as it wants to conserve coal for domestic use but also wants the foreign exchange.

Iscon's deliveries, primarily to Japan, have just started and will reach 18m. tons by end-1977. Provision has been made for 10m. tons per year of private sector exports through Saldanha, which would lift traffic to the limit of the present facilities (though they could relatively cheaply be extended to 40m. tons per year).

So far the only certain starter is Anglo Vaal's Associated Manganese, which has a 3m. tons per year contract with U.S. Steel. The possibility still remains of a semi plant at R80m. colliery, Ermelen Mines, Saldanha, costing R1.3bn. completion project known as ERGO.

Titanium, which in turn is controlled by Kennecott and Gulf Western. Cost will be around R250m. and full output reached in 1978. General Mining, which now controls Union Corporation, is investigating a similar deposit adjoining the one now to be exploited.

South African gold mines are producing around 4.7m. lbs of uranium per year. Increases will accrue entirely from new projects and extensions to existing South African producers. The table makes no allowance for Rossing, which at an eventual rate of 11m. lbs will equal the entire South African uranium output. The main expansion will come from Randfontein, which is rumoured to have a contract with Westinghouse, President Brand, and Anglo's dump re-

Machine tool study for officers

Geneth Gooding, Industrial

ART of the U.K. machine tool industry's export drive, conducted by 14 British sales and Consulates over a five-day study of the machine tool industry in the first months of 1978 exports at £235.1m. more than in 1977. Figures for the equivalent last year showed a 22.2m. more than in 1976. The study was conducted by a team of machine tool experts from the British Machine Tool Manufacturers' Association (BMTMA) and the Machine Tool Industry Association (MTIA) who will take part in discussions on a wide range of machine tool industry as well as visiting factories in Birmingham, Nottingham, and London.

Leyland in Finland

By JOHN WALKER

STOCKHOLM, Oct. 24.

THE commercial vehicle division of Saab-Scania and British Leyland are each buying a 10 per cent share holding in Sisu, the Finnish heavy duty truck manufacturer. Although no purchase figure is available, one report suggests that Saab-Scania's involvement amounts to some "tens of millions of kronor."

A Saab-Scania spokesman said that the project is a long-term one for rationalising sales and production. Both Saab-Scania and British Leyland will market Sisu heavy trucks on certain markets abroad.

Some of the Sisu heavy trucks are complementary to the range of both British Leyland and Saab-Scania. Sisu's production is about 1,500 heavy trucks yearly, while Saab-Scania is about 20,000. Talks about Sisu assembling Saab-Scania trucks at the Sisu factories for the Finnish market have been abandoned, as the project did not appear to be profitable.

Spanish to visit U.K.

By Roger Matthews

MADRID, Oct. 24.

A HIGH-RANKING group of Spanish bankers and industrialists, headed by a member of the Finance Ministry, have left here for a three-day visit to the City of London during which it is hoped to lay the basis for closer financial links between Britain and Spain.

The visit has been organised by the Committee of Invisible Exports in conjunction with the Department of Trade and is the first of its sort to be organised for a Spanish delegation.

During an intensive programme the Spanish delegation will have the opportunity to learn more about the more sophisticated services the City has to offer and can in turn see how these may be applicable to their own current needs.

The composition of the Spanish team reflects the importance of the State-run sector of industry and of the regional aspects of the country with strong representation from the industrially developed province of Catalonia.

Hosts for the visit are Barclays Bank, Hill Samuel and the insurance brokers Glanville Enthoven which together can offer more detailed information on fields of activity of particular interest to the Spaniards. Despite the long-term presence of several British insurance companies in Spain the sector still has plenty of room for development as do, for example, both factoring and leasing.

Contracts

● The Federal Republic of Germany will provide financial assistance totalling 750m. Rupees (about \$75m.) to Pakistan during the current financial year under two agreements signed between the two governments in Islamabad.

● East Germany plans to build a \$350m. petrochemical complex at Schwedt and Toyo Engineering of Japan is likely to be the main contractor. Mr. Gerhard Bell, First Vice Foreign Trade Minister for East Germany, said in Tokyo.

● BAT Cigaretten-Fabriken of Hamburg, a subsidiary of British American Tobacco, plans to spend £18m. (DM80m.) by 1978 in doubling production and storage at its West Berlin plant. The company produces 40bn. cigarettes a year and has 29.4 per cent of the market in West Germany. Up to June this year, exports were increased 34 per cent, compared with the first six months of last year.

● David Brown Gear Industries of Huddersfield has received an order for five complete, large capacity transmissions with a value in excess of £450,000, from A. and W. Smith of Glasgow, part of the Tate and Lyle Engineering Group. The order results from a contract won by TLE for a turnkey sugar factory, placed by Cenazur, the Venezuelan Government Sugar Company.

● A \$500,000 contract has been won by a Peterborough company, Baker Perkins Chemical Machinery, for plant which will be installed in a new aluminium smelter in Northern Spain. The smelter is being built for Aluminio Espanol and the order was placed by Fives Lille-Clairfontaine, suppliers of the anode cast plant.

World Economic Indicators

UNEMPLOYMENT					
	Sept. 76	Aug. 76	July 76	Sept. 75	
000s	1,319.3	1,309.4	1,294.0		
%	5.4	5.4	5.3		
000s	220.4	224.6	220.4		
%	5.4	5.5	5.4		
Germany	898.7	939.5	944.6		1,031.1
%	3.9	4.1	4.1		
000s	22.9	23.7	22.4		185.9
%	8.5	8.4	7.9		7.0
000s	7,400.0	7,500.0	7,400.0		7,800.0
%	7.8	7.9	7.8		8.3
000s	Aug. 76	July 76	June 76		Aug. 75
%	841.5	808.5	813.0		777.0
%	3.8	3.5	3.4		3.3
000s	July 76	April 76	Jan. 76		July 75
%	774.0	693.0	681.0		648.0
%	4.0	3.5	3.5		3.3
000s	April 76	March 76	Feb. 76		April 75
%	1,130.0	1,250.0	1,250.0		980.0
%	2.1	2.4	2.4		1.9

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Oklahoma. Our natural resources are energy and water.

Many persons throughout the world are aware of the fact that Oklahoma is one of the leading petroleum producing states in the U.S. Many also know that Oklahoma is the third largest gas producing state.

But few are aware of the tremendous quantities of water that are available for industrial and recreational uses. Oklahoma ranks eighth among the 50 U.S. states in the amount of surface water contained within its borders. This abundant source of water along with ample supplies of low cost natural gas and electric power are among the reasons why many new manufacturing plants have been established in the state during the last few years. These resources provide an unlimited opportunity for growth and development.

Oklahoma welcomes industry. Taxing and financing favour business. From the community level to the state level, we believe business should be profitable.

For details on how you can profit in Oklahoma, write, in confidence, to: Scott Eubanks, Director, Oklahoma Industrial Development Department, Office of the Governor, 500 Will Rogers Building, Oklahoma City, Oklahoma 73105, U.S.A.



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Wanted: book manuscripts on all subjects. Expert editing, design, manufacture and marketing - all under one roof. Completed books in 90 days. Low break-even. Two FREE books and literature: give details, cover, success stories. Write or phone Dept. 740. EXPOSITION PRESS INC. 900 So. Oyster Bay Rd., Hicksville, N.Y. 11801. (516) 222-5700 (212) 278-0821



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A bus trip that has to keep on schedule. A housing site waiting to be cleared. A service station running out of gas. These and a thousand other needs are the world of industrial vehicles today. It is a world of specialists. Because the most dependable way to do the job is different for every job.

Fiat, OM, Lancia, Unic and Magirus-Deutz have been specialists for generations. Experts in every aspect of road transport technology. In every class of commercial vehicle. In the different problems that must be met in different countries.

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Iveco combines the best of all five makes. And gives a new international dimension to their knowledge and their experience.

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Iveco is big trucks for international haulage and small trucks for in-town deliveries. City buses and travel buses. Trucks that help put out fires and trucks that help build houses. In all, 200 different basic models in over 600 versions.

But we're not out to impress you with numbers. We prefer to impress you with a vehicle that's there when you need it.

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From city delivery to long-haul transport.



Industrial Vehicles Corporation

FIAT, OM, LANCIA, UNIC, MAGIRUS-DEUTZ. Iveco. Experience takes on a new dimension.



Building and Civil Engineering

£4m. entertainment centre in Blackpool

THE MAIN contract for the construction of Coral Island, the £4m. seaside leisure complex to be built by the Coral Leisure group in Blackpool, has been awarded to Shepherd Construction of York.

The assignment is worth £2m. and the main construction work will be finished by November 1977. The total project is due for completion by May, 1978, in time for Blackpool's summer season.

Coral Island, which is expected to be the largest enclosed entertainment centre of its type in the U.K., is situated on a two-acre site facing the promenade on the Golden Mile.

Its 80,000 square feet of ground and partial mezzanine levels will offer a choice of four eating areas, a cabaret bar and pub discotheque, fun fair attractions, a supervised children's playground, a large amusement

Variety of jobs worth over £6m.

CONTRACTS worth £6.5m. have been awarded to Espley-Tras.

The largest is for a medical facility at Upper Heyford (£4.5m.). The facility comprises a two-storey building of about 100,000 square feet with a service undercroft. Each level will have a ceiling service void containing all the distribution service mains.

A separate structure away from the facility will accommodate boiler plant and will be

connected by means of an underground walk-through service duct. External works will involve landscaping, roads and car parks and pavings.

The other contracts, says Espley-Tras, are for the Army and RAF.

Laing wins housing job

A CONTRACT for the construction of Neath Hill (No. 1) Housing, for Milton Keynes Development Corporation, has been let to John Laing Construction.

Value of the contract is over £3.7m.

The scheme has been designed by the Development Corporation, and consists of 341 dwellings for rent including 18 homes for physically handicapped people.

The houses will be of traditional construction, with brick walls and tiled duo-pitch roofs, and will be built in a series of new-type courts containing an average of 24 homes. Completion is due in January 1979.

Steel plant foundations

THE BRITISH Steel Corporation has awarded a £1.5m. contract to

Balfour Beatty Construction (Scotland) for the foundations of two direct reduction plants being built at Hunterston (Ayrshire).

Construction has already begun and is being carried out under the supervision of PEP Industrial Design Consultants of London. Work involves driving about 500 steel universal bearing piles to an average depth of 20 metres and placing concrete pile caps to support the main plant items.

Housing in Kent

T. HEADLEY of Ashford, Kent, has secured two local authority housing contracts worth £3.9m.

Work has started on one site at Marden, near Maidstone, Kent, where roads and 188 houses and flats are planned.

The company expects to start soon on another site at New Ashford, where roadworks and 238 houses and flats are to be constructed for Ashford Borough Council.

Flats and factory

THE Guinness Trust has awarded a £438,144 contract to John Willmott Construction to build 64 flats at Insipid Crescent, Stevenage.

Three 3-storey and two 2-storey blocks are called for, together with a warden's house. Work is expected to start early in November.

Architects are Leonard Vincent Raymond Goring and Partners.

James Whiffin, a member of the John Willmott Group, is to build a 22,000 square foot factory with offices for Phosco structure Group, at Ware, Herts. The factory will be a steel framed building with brick cladding. Value of this contract is £273,742.

Architects are Adams Huntley Associates. Completion is expected in nine months.

CRENDON STRUCTURES
for high speed
Low cost
Factory, Warehouse
and
Office Building

Factory and school

THE largest has been awarded by Derbyshire County Council for the construction of a comprehensive school at Stone Road, Eckington, Derbyshire. Work on the £282,700 contract is scheduled to begin on November 1.

English Industrial Estate Corporation, which earlier this year awarded Finnegan a contract to build a factory unit at World Road, Rotherham, has now awarded the contract for a further unit on the same site. The contract is worth £138,500. A £25,000 factory unit is also to be built at Brighouse in Yorkshire, for the same organisation.

£1½m. dump trucks ordered

FAIRCLOUGH has placed a £1½m. order with John Blackwood Hodge and Co. for Terex 33-118 rear dump trucks.

These trucks each have a carrying capacity of 88 tons and is powered by a 960 hp General Motors diesel engine.

Delivery is expected early next year and the trucks will initially be used at Pengelly open cast coal site which is being operated by Fairclough-Partnership Mining Board.

CONSTRUCTION of a factor office and office accommodation for the appointment of a company has begun on 18 Southdown Industrial Estate near Exeter.

The £200,000 contract has been awarded to S. W. Clarke (Construction). Cost of the 4.6-acre site, the building and mechanical handling equipment will be about £250,000.

Wimpey busy in Liverpool

THREE CONTRACTS in the Liverpool area worth more than £2.7m. have been awarded to George Wimpey.

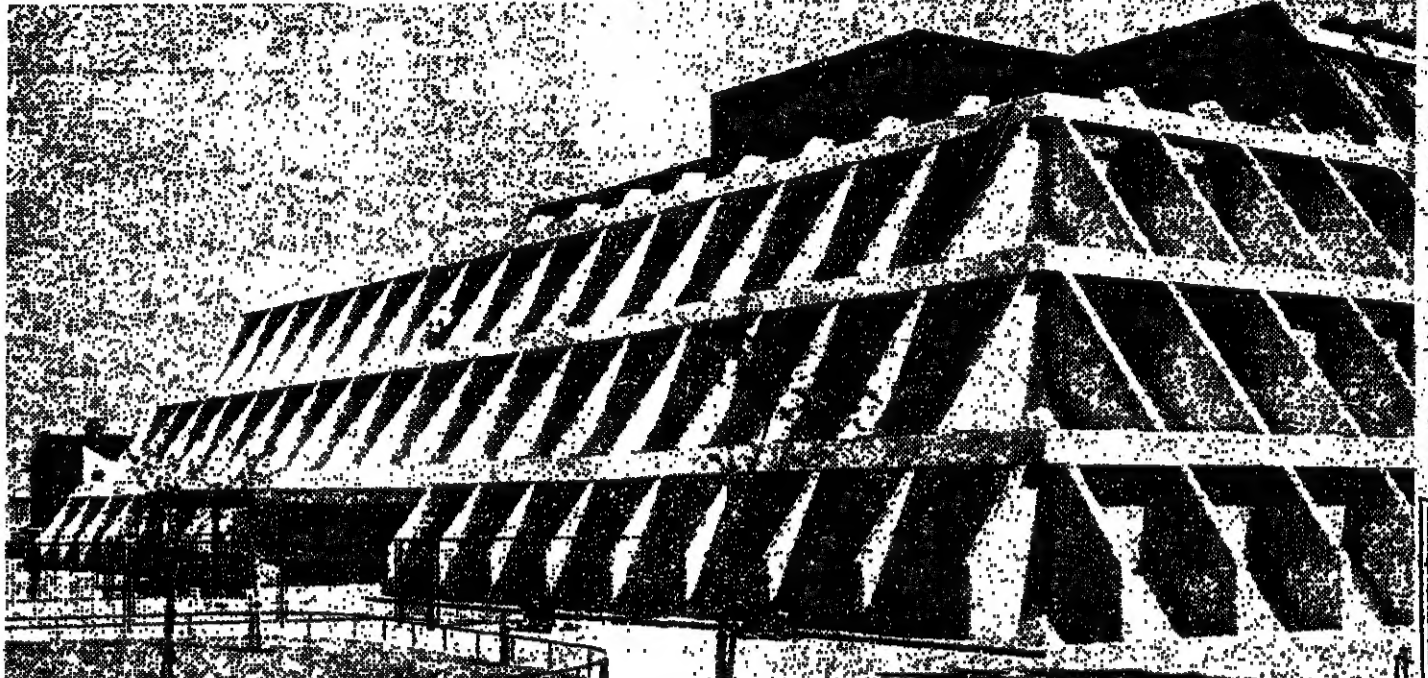
The biggest, worth over £1.1m. is for the construction of 108 houses, for the Metropolitan Borough of Wirral.

The contract, which has just started, includes 71 three-bedroom houses and 13 four-bedroom houses. Additionally there will be eight one-bedroom, two-person flats and 16 one-bedroom bungalows.

The second contract, worth £770,000, is from the English Industrial Estates Corporation for an advance factory industrial estate at Rock Ferry, Birkenhead. This project comprises five blocks of advanced terraced factories capable of being divided into a maximum of 16 individual factories each with its own self-contained facilities.

The structures will be single storey with steel portal frames with brick cladding to a height of two metres above which will be metal sheet cladding and patent glazing.

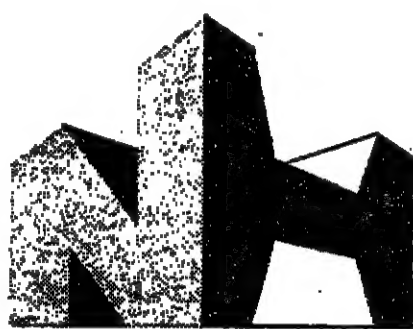
The third contract has been awarded by the Department of Services Agency and is valued at £783,000. It is for one single, one three and one five-storey block linked together in the form of a 'U' shape, at Belle Vale, Liverpool.



The recently completed first phase of the London Borough of Newham's civic offices has an unusual structure of lightweight aggregate concrete with

each floor of the three-storey building set back three metres. The building was designed in the borough's Department of Planning and Architecture and

consulting engineers were E. Wingfield, Bowles and Partners. Main contractor was Thomas Bates and Son, Precast cladding, John Laing.



Norwest Holst total capability

Total capability

The capability of the many companies in the Norwest Holst group adds up to something uniquely comprehensive in the civil engineering and construction world.

The recent extension to the Aberthaw cement works is one example of the efficiency of the project management teams. We designed and built the concrete structures, including the 100.6m chimney. We designed, fabricated and erected the steelwork. And we received and erected all the cement manufacturing plant.

Our specialised activities are highlighted by the other projects mentioned here.

Design and construction

At Port Talbot we are at work on a design and construct contract from Babcock-Moxey Ltd for 20 coal-blending bunkers, each with a capacity of 1,000 tonnes. Special sliding formwork techniques provide continuous reinforced concrete construction 24 hours a day.

Site investigation

Two investigations now in progress are for ten km of motorway linking the Humber Bridge and the Hull Docks and a pumping station in Northumberland for the Keldar scheme.

Earthmoving and excavation

Our specialist earthmoving company carries out many large civil engineering contracts. The new works for the A30 at Okehampton involves shifting about 1½ million tons of earth.

Pipe and mainlaying

In partnership with Socsea (Great Britain) Ltd., we are laying 65 miles of gas pipe for British Gas between Lanark and Carlisle.

Marine works

Substantial contracts were the container and car ferry terminal at Holyhead for British Rail and at Woolston, near Southampton, for Vosper Thornycroft Limited.

Tall structures

Our expertise is evident in over 300 cooling towers, the 270m high chimney at Drax power station, the 106m chimney at Sittingbourne and the 90m chimney at Avonmouth for Commonwealth Smelting which was slipformed in seventeen days.

Construction for industry

For the 150 million gallon capacity storage tanks at Rhosgoch, part of the Shell Anglesey Marine Terminal, we have completed excavations and foundations.

Effluent treatment

At the new GKN rod mill at Cardiff, we designed and built for Unifloc Limited, the civil works for the completely mechanised mill scale handling plant which included two 110ft diameter effluent clarifiers to handle 500,000 gallons per hour, the filter house, pump sumps and the sheet piling.

Town centre developments

Our building activities range from housing for both private and public sectors to major town centre developments at Aldershot and Swindon.

Refurbishing

In the City of London we are transforming a block of old offices built over 100 years ago into a modern block. We also design and decorate interiors to a high standard.

Our own development

The sustained flow of new orders reflects the confidence clients have in the way we tackle all kinds of projects. This upsurge in our activity is in the private and industrial as well as the public sectors—and includes a number of well-known names such as Shell, GKN, Bowater, Woolworths, and English Property Corporation.

E.A. Brian, Chief Executive, Norwest Holst Group.

Travelling boiler

WHEN PLANT would normally be out of commission through breakdown or routine maintenance, emergency operation can be continued with a steam supply from a mobile boiler.

Gas or oil fired, the unit is completely self-contained and is mounted on a four-wheeled chassis. The control cabinet is stated to be vandal and weather proof, so that the boiler may be operated on exposed sites.

Capacity is 5,000 lb of steam/hour at 150 psi. A special heating coil system is stated to provide steam within a few moments of the burner being activated.

Details from John Jeffreys, Beaumont Road, Banbury, Oxon. OX16 7SB (0295 53421). This company operates a 24-hour U.K. hire service for boilers and steam generators with capacities from 700 to 5,000 lb steam/hour.

Checks the level in boreholes

INTRODUCED by Hartmann and Braun (U.K.) is a pressure transducer intended for lowering into boreholes to accurately determine the remaining water.

Depth is read off on a portable electronic meter mounted locally or, if necessary the data can be sent over cables to points up to two miles away.

The probe is only 30 mm in diameter and 300 mm long; can be needed to it by four-core cable is an amplifier/operating panel. The cable contains a capillary for automatic pressure compensation—a feature not found in many systems and which provides accuracy and independence of depth below ground level.

Probes are available responding to different pressures and therefore different liquid depths: ranges are zero to 1.0, 2.5 and 10.0 bar but is possible to use 10 per cent. of any range as the measuring span.

Probe responds to changes in pressure in 0.3 secs. and the reproducibility is better than 0.05 per cent. of maximum output signal. Manufactured by Moulton Park, Northampton (Northampton Park 38311).

IN BRIEF

- A 60,000 square foot store for Asda is to be built at Huyton, Liverpool by William Moss and Sons. Contract is worth £1.2m. Architects are Darnton, Elgie, Wrightson, Jackson and O'Connor.
- Gulf Surveys, a Laing subsidiary, has been registered in Saudi Arabia to carry out land survey and soil investigation work in the Kingdom and the Gulf States.
- Bovis company Gilbert Ash Scotland is building a £227,000 office block for the P&O company Sea Oil Services at Montrose, Angus.
- Matthew Hall Group has formed an Australian company, Matthew Hall Ortech Australia Pty.—registered office is at Matthew Hall House, 116-118, Christie Street, St. Leonards, NSW. The company will undertake engineering activities related to the upgrading and recovery of coal, ores and minerals.
- The Amber Valley District Council has awarded the Midlands Region of John Laing Construction a £215,000 contract to carry out external repairs on 951 council houses in 10 villages in Derbyshire.

PLANT & MACHINERY SALES

Description	Price	Telephone
1974 TEN STAND roll forming line by Hunter-Douglas. Virtually unused. Capacity 200 mm x 2 mm M.S. strip complete with automatic cut-to-length equipment.	P.O.A.	0902 42541/2/3 Telex 336414
15 STAND ROLLING MILL for flattening wire and rolling narrow strip. Complete with edging rolls and recoller.	P.O.A.	0902 42541/2/3 Telex 336414
MODERN USED ROLLING MILLS with rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillottes, etc.	P.O.A.	0902 42541/2/3 Telex 336414
1970 HERDIECKERHOFF 180 KW double vacuum annealing plant useful charge area 625 mm dia x 2000 mm loading height output 600 lb per 24 hours.	P.O.A.	0902 42541/2/3 Telex 336414
1974 ELLIOTT AUTOMATIC COLD SAW by Noble & Lord with 1000 mm cutting, soft-ferrous bar. Max capacity 5" round and square.	P.O.A.	0902 42541/2/3 Telex 336414
1978 CUT-TO-LENGTH LINE max capacity 1000 mm 2 mm x 7 tonnes coil. Fully overhauled and in excellent condition.	P.O.A.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farner horizon 27" x 27" x 31" diameter drawbloks.	P.O.A.	0902 42541/2/3 Telex 336414
TWO 1-TON CAPACITY AJAX WYATT type 158 kw melting furnaces.	P.O.A.	0902 42541/2/3 Telex 336414
CATERPILLAR 140 MOTOR GRADER complete with new tyres.	£25,500	Telex 51187
CATERPILLAR 960 C-WHEEL LOADER with 3 1/2 cu. yd. buckets and new tyres.	£25,500	094-34 4531 Telex 51187
HEAVY DUTY GEAR SHAPER. High speed Drummond Maticut. 200HD. Max pitch 3DP (as req).	P.O.A.	01-928 3131 Telex 261771
INJECTION MOULDER 180 TON LOCK. Herbert-Rood-Prentice Model 1805 rebuilt.	P.O.A.	01-928 3131 Telex 261771
200 TON DEEP DRAWING PRESS. Taylor & Challen No. 6 Toggie Arcion excellent condition.	P.O.A.	01-928 3131 Telex 261771
KUMMER K20 CHUCKING LATHE. Twin spindle with auto-cycler.	P.O.A.	01-928 3131 Telex 261771
MACHINING CENTRE. Capacity 5ft. x 4ft. x 3ft. 5 Axis. continuous path. 51 automatic tool changes. 5 tons main cable load. Main input 27 hp. Max. less than one year old and in almost new condition, for sale at less than half new price.	P.O.A.	01-928 3131 Telex 261771
AUTOMATIC SAWING MACHINE. By Aigle. With magazine bar feed. Capacity 40 mm bar. 70 mm tube.	P.O.A.	01-928 3131 Telex 261771
FISCHER COPY LATHE 18/150. Reconditioned.	P.O.A.	01-928 3131 Telex 261771
BSA 11" SPINDLE AUTOMATIC. Rebuilt in almost new condition.	P.O.A.	01-928 3131 Telex 261771
150 TON COINING PRESS. Knuckle action by Craig & Donald. Reconditioned.	P.O.A.	01-928 3131 Telex 261771
100 TON COINING PRESS. HME K100. Knuckle action. Rebuilt.	P.O.A.	01-928 3131 Telex 261771
SCHLUDER 200 TON HIGH SPEED PRESS. Bed 48" x 40" 200 S.P.M. Double roll-feed. Excellent condition.	P.O.A.	01-928 3131 Telex 261771
ANKERWERK 400 TON INJECTION MOULDER. Reconditioned.	P.O.A.	01-928 3131 Telex 261771
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COLD SAW. Capacity 40" x 18" jobs or 19" dia. Automatic vice. Live-work rollers. excellent.	P.O.A.	01-928 3131 Telex 261771
CENTRELESS BAR PEELING MACHINE. Capacity 4 ins. Reconditioned.	P.O.A.	01-928 3131 Telex 261771
BLANCHARD 11" VERTICAL SPINDLE SURFACE GRINDER. 17" dia. magnetic. white. Rebuilt.	P.O.A.	01-928 3131 Telex 261771
WALDRICH-COBURG HYDRAULIC PLANNER. Capacity 160" x 50". 4 Tool Boxes. almost new condition.	P.O.A.	01-928 3131 Telex 261771
HEY FACING & CENTREING MACHINE No. 3. rebuilt.	P.O.A.	01-928 3131 Telex 261771
HME 70 TON PRESS DCP3 BED 36" x 34".	P.O.A.	01-928 3131 Telex 261771
FUJI AUTOMATIC CHUCKING LATHE. Swing 18" with hydraulic copying. new and unused at £5,300 below current price.	P.O.A.	01-928 3131 Telex 261771
BENDING ROLL 8ft. x 1". Pyramid type. Good condition.	P.O.A.	01-928 3131 Telex 261771
PRESS BRAKE 8ft. x 1". By Sedgewick. Air brake. Air clutch. Light gauge. Excellent condition.	P.O.A.	01-928 3131 Telex 261771
PRESS BRAKE—PRIMECAN 200 tons. Bands plate 17 1/2" x 3/4". Brand new.	P.O.A.	01-928 3131 Telex 261771
NEWELL BALL MILL 30" x 6" 6" complete with 500 h.p. drive, gear box, base plates and guards.	P.O.A.	Culterth 4106 Telex 627920
DUNFORD & ELLIOTT Rotary Lathes Dryer £19,000.	P.O.A.	01-253 6000

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MODERN USED ROLLING MILLS with rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillottes, etc.

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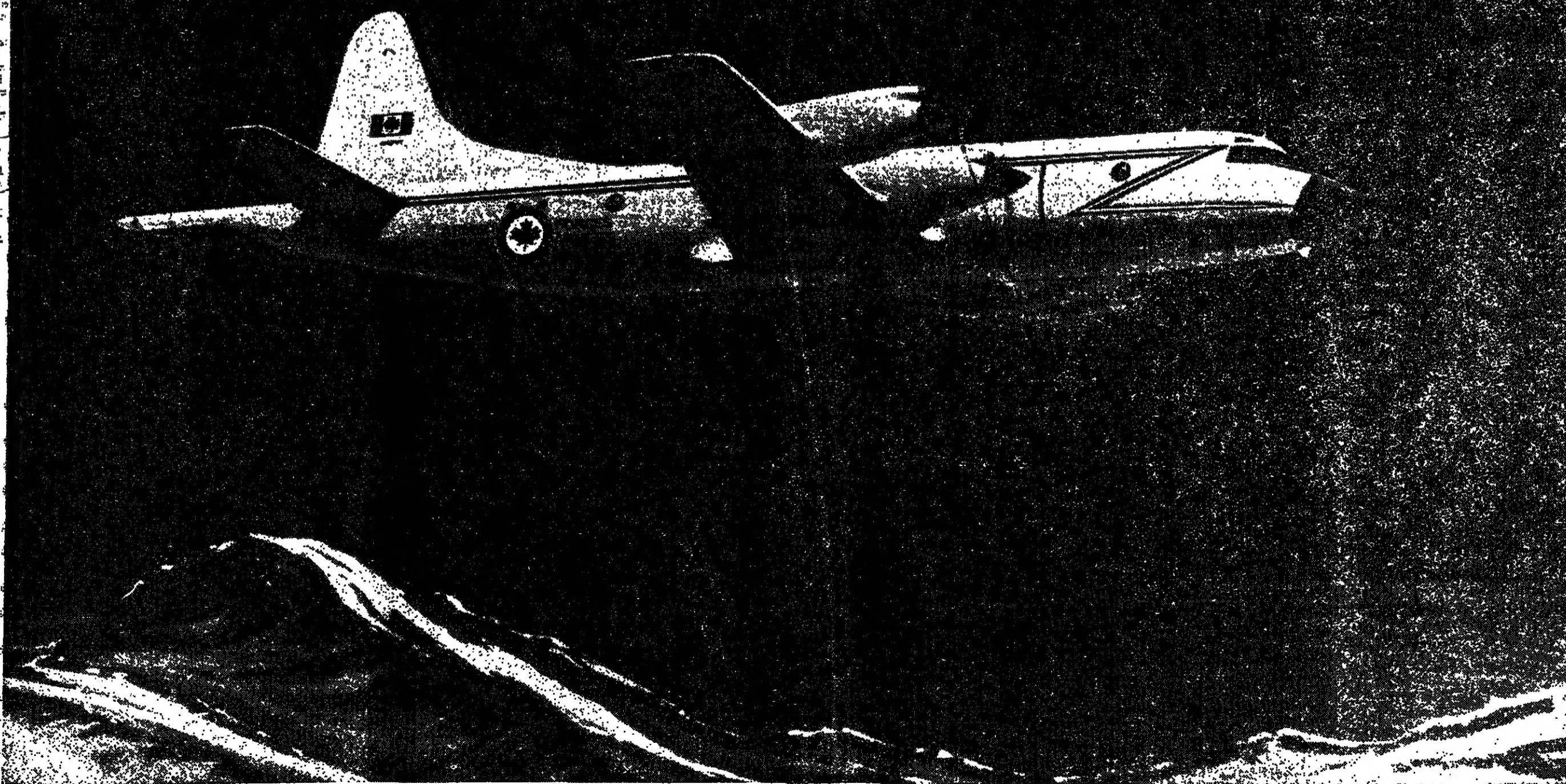
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مكتبة الأمل

Coming to Canada: the world's most advanced maritime patrol plane.



To meet its NATO commitments, Canada has chosen Lockheed to build the world's most advanced maritime patrol and antisubmarine plane.

Called Aurora, its electronic, infrared and acoustic equipment will give it the keenest "eyes" and "ears" of any patrol plane. It also will carry the most advanced communications equipment of any patrol

plane. And its photographic equipment and radar will give it unique capability for reconnaissance, search and rescue.

Aurora, a major derivative of the P-3 Orion, is the latest in a long line of maritime patrol planes that have been rolling off Lockheed production lines continuously for several decades.

The most advanced maritime patrol plane.

One of the technological achievements
of the 55,000 workers at Lockheed.

HOME NEWS

Difficulties face nuts and bolts manufacturers

BY ARTHUR SMITH

THE £240m-A-YEAR industrial fastener industry may be unable to meet the demands of the car companies next year, its trade association has said.

The "nuts and bolts" industry was "fighting for survival" in the face of weak demand, rising costs, and cheap imports from the Far East, Mr. Ken Peplow, director of the British Industrial Fasteners Federation, said last night.

Manufacturers of screws, nuts, bolts and rivets had cut their labour force to 70 per cent of its 40,000 level of two years ago, and further redundancies were threatened, Mr. Peplow said.

Prices hit stocks

The federation has initiated talks with the automotive industry to seek a detailed breakdown and programme of the sector's requirements for next year.

Mr. Peplow said that the price of steel, which could form half the cost of a fastener, had risen by about 40 per cent this year. "This puts so much pressure on liquidity at a time when recession that it is impossible to build up stocks over the full range of products."

Unless the automotive industry produced a detailed schedule of requirements to next year's expected output in the market, there was a danger of artificial shortages and increased purchases from overseas.

The federation, which has been pressing through the European Economic Community for an anti-dumping duty on Taiwan

Concentration fear

Mr. Gordon Borrie, Director-General of Fair Trading, expressed concern that the concentration of the industry might have been a contributory factor in the decline.

The Office said GKN subsidiaries were believed to account for more than 25 per cent of the £250m. market in metal fasteners. Other leading companies thought to have a high proportion of the market in some categories of fasteners are Glyndwed, Rubery Owen and Tucker Fasteners.

Monopoly references need not there was a danger of artificial shortages and increased purchases from overseas.

MK Shand makes 230 workers redundant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MK SHAND, the Inverclyde company which specialises in putting a concrete coating on pipes for North Sea oil and gas pipelines, has made 230 employees redundant because of lack of orders.

The company had pinned its hopes on a new order from Shell-Easo for its pipeline from the Brent Field.

It has now been announced that the order will go to Bradburn Price (U.K.) at Leith, Edinburgh, which has also been suffering from the hiatus in work

associated with North Sea oil. That company paid off 75 men two months ago after the completion of work for British Gas.

The run-down of employment at MK Shand began earlier this year when the company began to run out of work. The present redundancies will leave the yard with only a skeleton staff compared to its peak of 750 workers.

Further bad news from Scotland at the weekend was the loss of 40 jobs at Alexander Stephen (Forth), the Leith ship-repairing company.

National Savings static as lending rates rise

BY DONALD MACLEAN

NATIONAL SAVINGS attracted further net deposits in September, in spite of the increase in the Bank of England Minimum Lending Rate from 11 per cent to 13 per cent on September 10, which brought increases in interest rates on some competing investments.

The amount invested in the movement rose £77.7m. on the basis of preliminary figures, to £12,140m. In September last year, there was a slightly smaller increase, of £75m., to £11,140m.

Almost half the month's increase, however, was accounted for by the accumulation of interest. With undistributed interest excluded, net deposits were £41.7m., against £46.9m. a year earlier.

Since the end of September, there has, of course, been a further increase in M.L.R. to 13 per cent, increasing the challenge to the movement from other forms of investment.

However, the strengthening of National Savings competitiveness is projected by a Government decision to launch a 10th issue of Savings Certificates in December, carrying a yield of 12.74 per cent, grossed-up at the basic rate of tax, over a four-year life. From January 1 there will also be increased interest in National Savings Bonds from 4 per cent to 5 per cent in the case of the Ordinary departments, and from 9 per cent to 10 per cent in the case of the investment department.

With the rises in M.L.R. there have been increases in rates of interest in such competing fields as bank deposits, building societies and local authority loans.

The "factors leading to the unprecedentedly high level of the general market rates can only be regretted," Sir John Anster, president and chairman of the National Savings Committee said yesterday.

The major sources of September's increase were the index-linked forms of savings, Trustee Savings Banks and Premium Bonds.

	Apr-Sep 1976	Apr-Sep 1975	% chg
Savings Certs	£65.6	£12.3	236.6
Save as you earn			
Ord. Nat. Sav.	56.7	5.8	134.4
Inv. Nat. Sav.	8.9	6.5	36.9
Total S.A.Y.E.	65.6	12.3	236.6
By Sav. Bonds	40.1	40.2	63.2
By Nat. Sav. Bonds	25.5	25.5	60.0
By Inv. Nat. Sav.	15.0	15.0	60.0
Ord. Nat. Sav.	27.8	27.8	117.7
Inv. Nat. Sav.	9.0	9.0	62.1
Total Nat. Sav.	36.8	36.8	117.7
Ord. Nat. Sav.	1,432.5	1,432.5	1,432.5
Inv. Nat. Sav.	418.1	418.1	418.1
Current acc.	1,432.5	1,432.5	1,432.5
Total Nat. Sav.	2,283.1	2,283.1	2,283.1
Ord. Nat. Sav.	1,432.5	1,432.5	1,432.5
Inv. Nat. Sav.	418.1	418.1	418.1
Current acc.	1,432.5	1,432.5	1,432.5
Total Nat. Sav.	2,283.1	2,283.1	2,283.1

World auction by Gibbons

STANLEY GIBBONS' Auctions to hold the first intercontinental auction in March. The first half of the auction is in Australia, the second at the Hilton Hotel, Melbourne, later. One catalogue for both will be published.

The auction in Australia will be the first there by Gibbons, in Hong Kong it had a large auction in September.

This week in Parliament

THE COMMONS	THE LORDS
TO-DAY: Retirement of Teachers (Scotland) Bill, Valuation and Rating (Exempted Classes) Bill, Sexual Offences (Scotland) Bill, second readings; motions on safety of sports grounds.	TO-DAY: Education Bill, Industrial Common Ownership Bill, Supplementary Benefits (Amendment) Bill, Aircraft and Shipbuilding Industries Bill.
TO-MORROW: Involuntary Bill, remaining stages.	TO-MORROW: Education Bill, report: Dock Work Regulation Bill, Electricity (Financial Provisions) (Scotland) Bill.
WEDNESDAY: Race Relations Bill, Lords amendments.	WEDNESDAY: Rent (Agriculture) Bill, Motor-cycle Crash Helmets (Religious Exemption) Bill, Bill.
THURSDAY: Industry (Amendment) Bill, remaining stages; Local Government (Miscellaneous Provisions) Bill, Lords amendments.	THURSDAY: Licensing (Scotland) Bill, Agriculture (Miscellaneous Provisions) Bill.
FRIDAY: Land Drainage Bill, International Carriage of Perishable Foodstuffs Bill, National Health Service (Vocational Training) Bill and Endangered Species (Import and Export) Bill, second readings.	FRIDAY: Supplementary Benefits Bill, Education Bill, Supplementary Benefits (Amendment) Bill, Energy Bill, and Companies (No 2) Bill.

Subsidiary of IMI to expand

MARSTON PAXMAN, a subsidiary of Imperial Metal Industries, is planning a £1m. expansion of its present activities in liquid cooling and air-conditioning at Brighouse, Yorkshire.

Negotiations are being completed for the purchase of a five-acre site in Armistage Road, which includes a new modern one-storey factory comprising 30,000 square feet of production area. Production on the new site is expected to start early in 1977.

The existing Marston Paxman factory in Bradford Road, Brighouse, will continue to be used to full capacity. Since June last year, Marston Paxman has increased its total workforce by 78.6 per cent to meet the growing demand for its products.

Demand up sharply

"Demand from brewery companies for Marston Paxman's beer cooling equipment has almost doubled over the last 12 months," Mr. R. S. Spencer, managing director, said. "At the same time there has been a considerable growth in the world market for air-conditioning products. Two long hot summers in the U.K. have emphasised the need for this kind of equipment."

"Marston Paxman will continue to take every advantage of the growth market in all its activities, marketing products of good design, made in Britain with British capital and British labour."

Calder Hall could stay for 20 years

BY DAVID FISHLOCK, SCIENCE EDITOR

CALDER HALL, the world's first nuclear power station of commercial size and 20 years old this month, could remain in service for another two decades.

But several million pounds will have to be spent refurbishing a power station originally designed under a Ministry of Defence contract for a life of only 20 years.

That is the conclusion of a detailed engineering appraisal undertaken by British Nuclear Fuels, which operates Calder Hall, a dual-purpose station supplying 340MW of electricity to the national grid and process heat to the adjoining Windscale works.

Although the appraisal is not finished, the company has begun to modernise instrumentation of the four Calder reactors. It plans to re-blade the turbines, a measure which will increase the station's electricity capacity—originally only 180MW net output—for the third time.

Fuel burn-up—the period for which nuclear fuel can be allowed to remain safely within the reactors—has more than doubled since the station began operations and is expected to increase.

Performance

The company has postponed for another year any anniversary celebrations of the Queen's official opening of Calder Hall in 1956. By then it hopes to return to power the reactor

which, for the past year, has been serving as a spent fuel reservoir for the station.

Because of the loss of its output, the company lost money for the first time last year on its electricity sales to the generating boards.

The decision to shut the reactor—and thus spoil one of the best records of performance of any nuclear station in the world—was taken by Mr. Peter Mumery, general manager of Windscale and Calder works, at a time when there was growing national embarrassment about shortage of storage capacity for spent fuel emerging from Britain's nuclear stations.

Hauliers oppose accident charge

THE ROAD Haulage Association has affirmed its opposition to the proposal for a special charge on users of motor vehicles to cover the annual cost to the NHS of treatment to road accident victims.

In a letter to the Department of Health and Social Security, Mr. Eric Russell, the association's secretary, describes the charge as "discriminatory" because, he says, no similar levy is imposed to meet the costs of hospital treatment after accidents in other industries.

U.K. air passengers up by 7.7%

By Michael Donne, Aerospace Correspondent

PASSENGER TRAFFIC through Britain's main airports continued to rise steadily, indicating that the recession in civil aviation is over and that from now on expansion is once again the keynote.

Figures issued by the British Airports Authority show that in September, passenger traffic at its seven airports (Heathrow, Gatwick, Prestwick, Stansted, Glasgow, Edinburgh and Aberdeen) rose by 7.7 per cent over the corresponding month last year to reach over 3.5m.

At Heathrow it rose by 7.8 per cent to reach nearly 2.4m. passengers, while for the London area as a whole the figure was over 3m, a rise of 7.7 per cent.

This passenger traffic gain was achieved with only a 4 per cent rise in the number of aircraft movements, indicating the increasing use of wide-bodied aircraft.

Some of the biggest increases in traffic were recorded at the Scottish airports owned and run by the authority—primarily because of the growth of the North Sea oil and gas industries.

Passenger traffic at Aberdeen, for example, rose by 13.4 per cent to 77,800, with helicopter traffic rising by 38.1 per cent to 16,400, and fixed-wing traffic rising by 8.4 per cent to 61,400. Edinburgh and Prestwick also showed big gains.

Engineers try to stop direct labour plans

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CIVIL ENGINEERING contractors are attempting to stop the Conservative Government from taking new building work for proposed legislation concerning local authority direct labour organisations.

The Federation of Civil and Engineering Contractors, which a few days ago joined the growing campaign within the construction industry to stop Government plans to extend the activities of direct labour organisations, is actively lobbying Opposition MPs for support.

First objective of the civil engineers is to stop the Government's proposals from becoming law but they feel that if this proves impossible, local authorities and other public utilities contained in the proposed legislation which have given most concern.

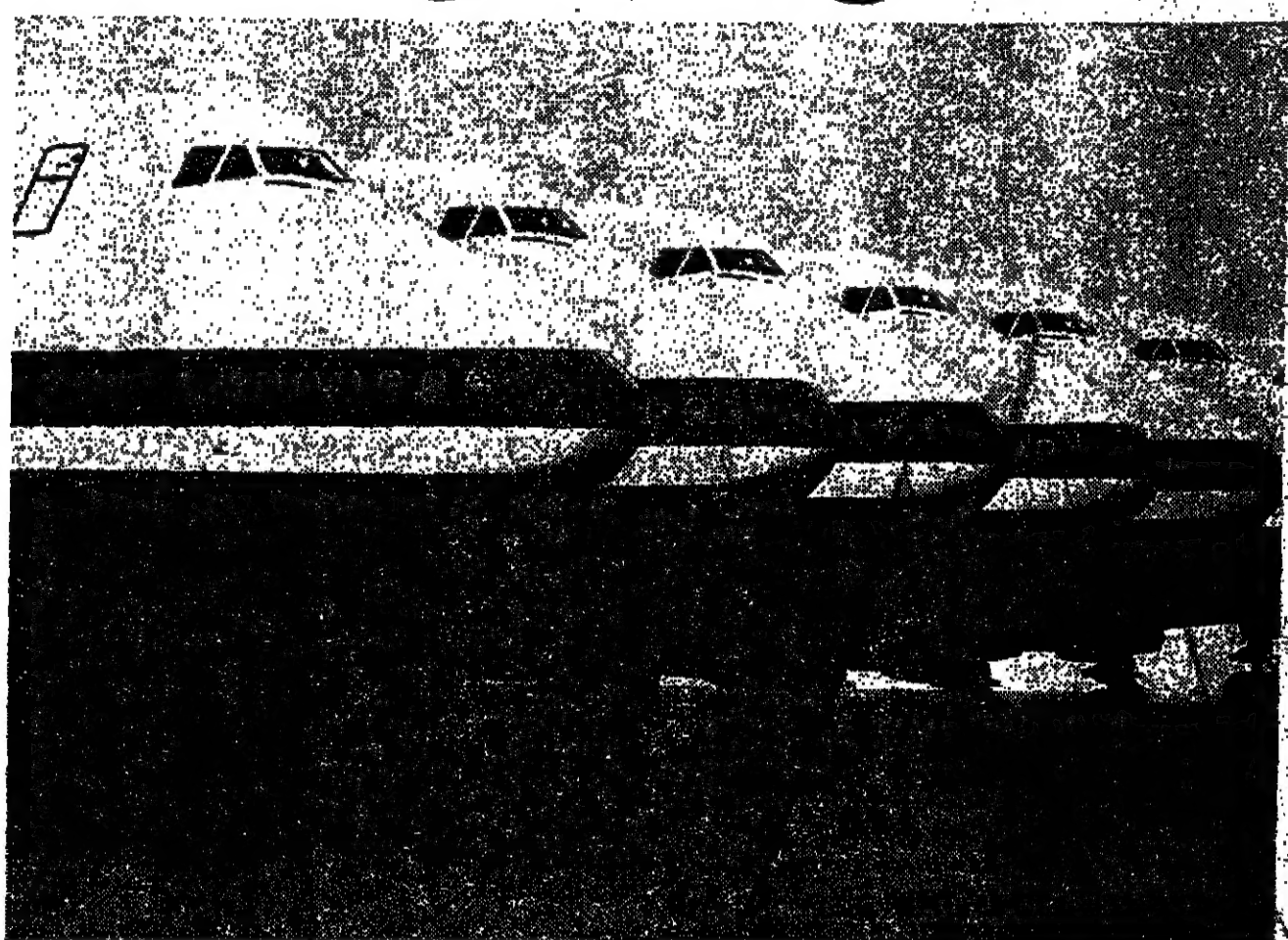
The civil engineers' anti-labour campaign is an indication of the industry's fears about longer-term repercussions of the present plans.

"Much of the work in the 'heavy' end of the market is done by direct labour organisations," says a spokesman for the Federation. "If direct labour operations were allowed to expand, it would be a severe restriction on the industry."

The industry's main complaint about the expansion of direct labour forces is that they are not financially accountable in the same way as private businesses and, as such, have proved themselves to be extremely inefficient. Further, they expand their output at a time when the traditional contractor has difficulty in finding enough work to keep operations going.

Under the Government's plans, direct labour organisations—expansion—estimated by which are thought to account for Government

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The Indian parliament reassembles to-day to debate constitutional changes.

Mrs. Gandhi cuts judges' power

By K. K. SHARMA, New Delhi Correspondent

WEEK before to-day's session of the Indian Parliament to consider the Constitution Amendment Bill saw the most spirited comments on the most controversial of the state of emergency proclaimed in June of 1975. Journalists, independent public men and opposition parties to the Government all agreed that the proposed changes to the executive and of the judiciary were a great step forward. But while the bill was being debated, a parallel conference was being held in the same building by the Congress in support of the proposed changes. But while the bill was being debated, a parallel conference was being held in the same building by the Congress in support of the proposed changes. But while the bill was being debated, a parallel conference was being held in the same building by the Congress in support of the proposed changes.

ment placed no hurdles in the way of a public discussion. The bill itself was ready a couple of months ago. Had the Government wished, it could have been rushed through Parliament. Few may like the bill, but in fairness to Mrs. Gandhi it must be said that she has not blocked discussion. It is another matter that the ruling Congress party and its leaders have gained more publicity for their defence of the bill. While the opposition-sponsored seminar was in progress, a parallel conference was being held in the same building by the Congress in support of the proposed changes. But while the bill was being debated, a parallel conference was being held in the same building by the Congress in support of the proposed changes.

eroded of judicial processes have created a situation in which it is impossible for the people to know, discuss and understand the sweeping and drastic constitutional amendments proposed in their name, but certainly not to their benefit. Although starting on a political note, the "consensus" goes on to constitutional issues. The most important of these are:

An opposition statement charges that constitutional changes proposed will arbitrarily strengthen the executive

and the right of judicial review. Anything that impinges upon these would run counter to the constitution. Whether the other points raised by the opposition seminar will be dealt with remains to be seen since many of them are political rather than constitutional. For instance the opening paragraph of a "consensus" adopted by the opposition says: "There is in the country on account of the emergency a climate of oppression and fear in which no free and open debate is possible. Leaders of political parties and of public opinion are in goal, meetings have until recently been discouraged if not totally banned, and the Press effectively gagged. The denial of the fundamental freedom of expression and of association, and the

1—Fundamental rights are being reduced to secondary importance and the directive principles are being given priority over them to the extent that legislation giving effect to the directive principles cannot be challenged. 2—The provision for banning "anti-national organisations" paves the way for virtual one party rule. 3—By eliminating the checks and balances of the constitution the way is cleared for the arbitrary exercise of executive authority to the detriment of the citizen. 4—Restrictions will be placed on the ability of the courts to review the constitutionality of any law and the power of the high courts is to be eliminated to issue writs.

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by David Lascelles
East European Correspondent
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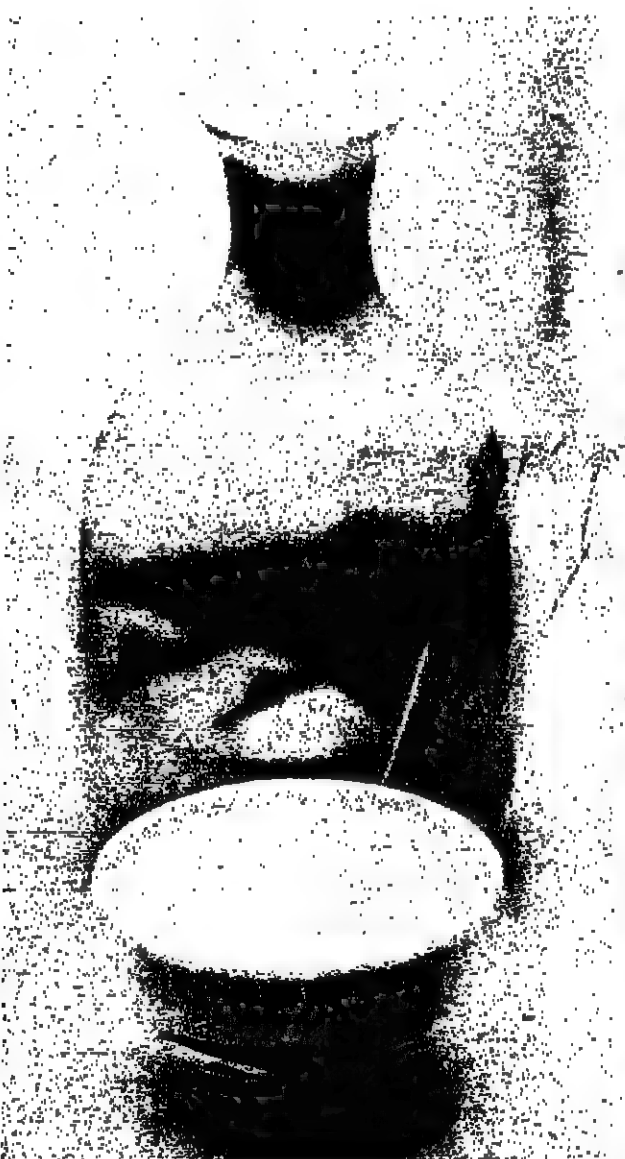
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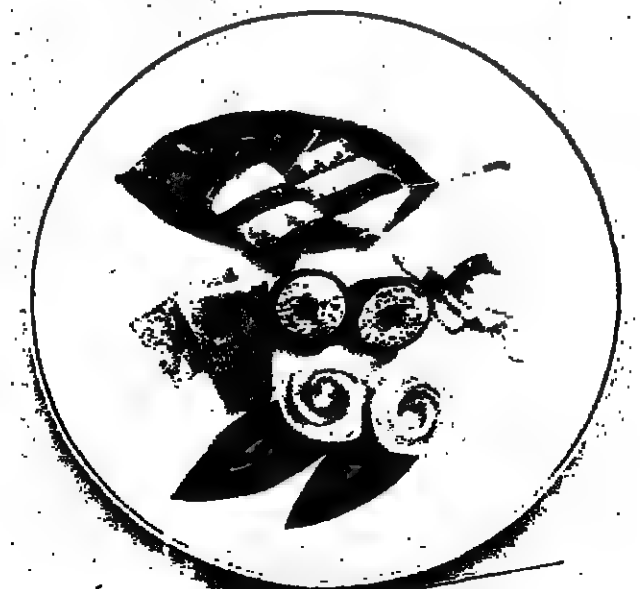
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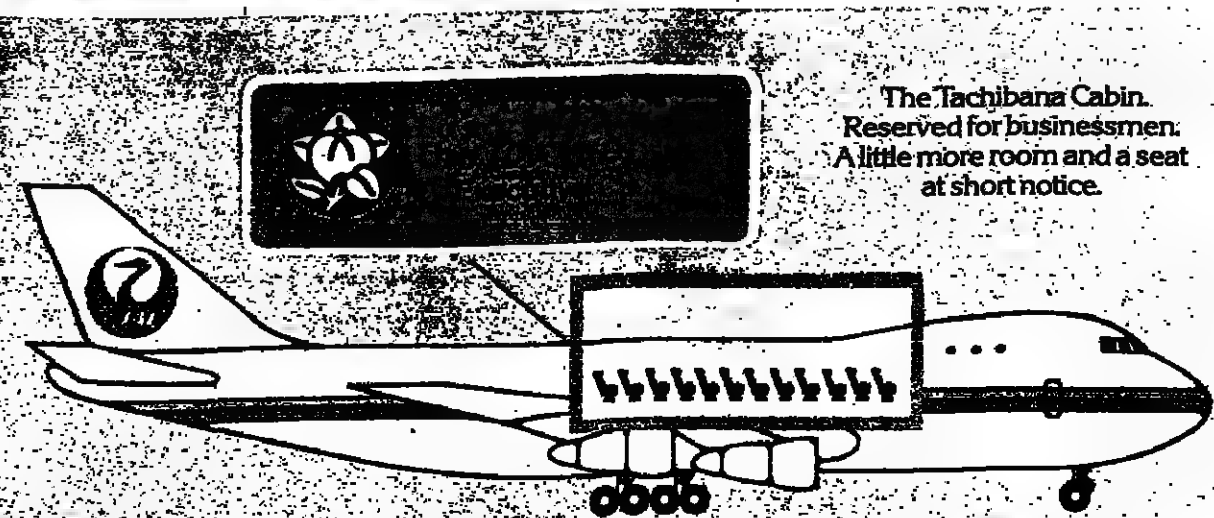
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The Executive's and Office World

EDITED BY JOHN ELLIOTT

Diversification by the clearing banks has greatly increased managerial job opportunities. However, Sue Cameron suggests that paternalistic traditions continue to inhibit choice.

Slow changes in bank career patterns

THE CAREER paths of top young men on their way up the banking ladder would be undergoing a slow but certain metamorphosis. The mergers that led to the creation of the Big Four clearing banks and their expansion into new financial fields mean that there are now far wider opportunities for management development than in the days when no-one ever dreamed of venturing outside mainstream branch banking.

But career patterns in the major banks are still severely limited by the paternalistic attitudes towards staff to be found in Lloyds, the Midland, National Westminster, and Barclays. All four banks believe that they know best when it comes to appointments or promotions and for this reason managerial vacancies are never advertised. As a result individuals cannot take full advantage of the new range of jobs that has become available because they rarely hear about them and, even when they do, they are not allowed to apply for them.

Advertised

Last year the National Union of Bank Employees decided to press for all posts to be internally advertised. Mr. Leif Mills, general secretary of the union, says that job opportunities in the banks have improved considerably in the past few years because of diversification but he adds characteristically that as far as staffing policies are concerned the banks are "now rapidly moving into the 19th century."

The Big Four employ about 191,000 people in mainstream banking in the U.K. A further 51,000 are employed in the ancillary services, including all overseas divisions. Approximately 80 per cent. of the total workforce is female and turnover among female staff is high. Many women leave their bank jobs by the age of 25 in order to rear families and only a tiny percentage of women reaches managerial level.

Altogether there are about 13,000 managerial posts in the main clearing banks, excluding junior managerial positions. The majority of managers is still to be found in the branch banks although the balance between staff employed in branch banking and those in the subsidiary services is slowly beginning to shift.

Twenty years ago bright

banking career ladder would be undergoing a slow but certain metamorphosis. The mergers that led to the creation of the Big Four clearing banks and their expansion into new financial fields mean that there are now far wider opportunities for management development than in the days when no-one ever dreamed of venturing outside mainstream branch banking.

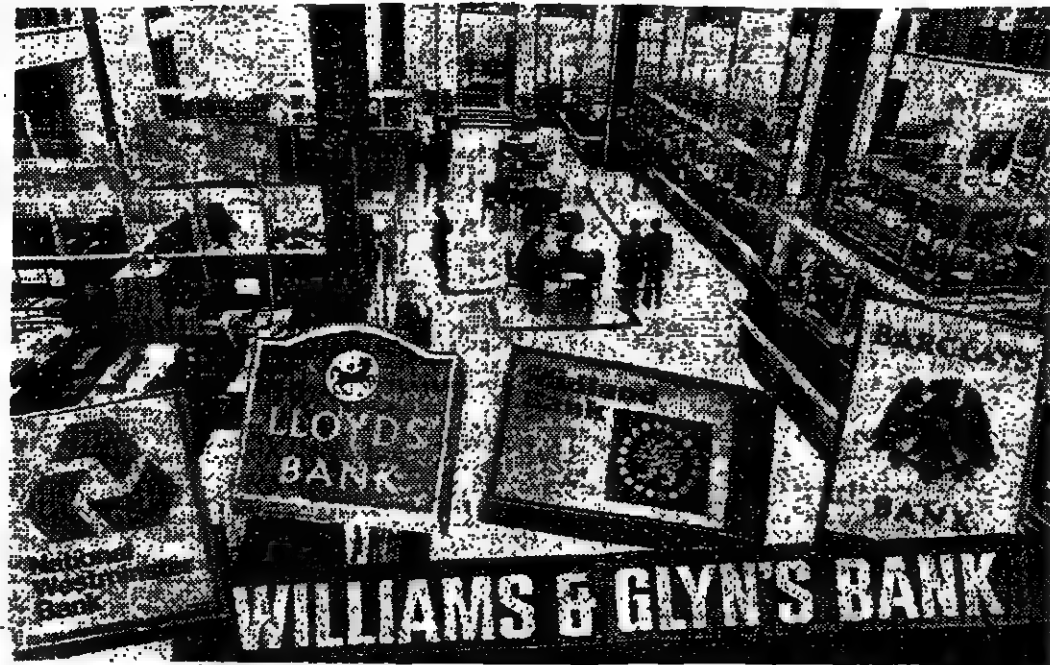
But the bank mergers in the 1960s meant that specialist departments such as personnel, marketing, and public relations had to be enlarged and given greater status. At the same time the Big Four began to diversify into factoring, insurance, leasing, merchant banking, and credit cards. Data processing became more sophisticated as the use of computers increased and international banking was further developed. Much of the work that had formerly been done in head offices was devolved to new regional offices.

At first outsiders were brought in to head ancillary services because the banks did not have the necessary expertise or experience among their existing staff members. But all the banks believe in growing their own "timber." And they have now started to transfer people between branch banking and the new specialised divisions.

The Big Four reckon that this will not only widen managers' horizons and give them greater job satisfaction but will also benefit customers. For bank managers to-day cannot hope to acquire the same intimate understanding of branch work as in the past — systems can change radically in a matter of months — and in any case what is now required is a more superficial but far wider knowledge of financial affairs.

Old style banking skills will always be essential for all levels of management but in future senior people will have to rely much more heavily on general managerial skills such as judgment and the ability to deal with people. More varied experience will undoubtedly help the development of these qualities.

All the banks are proceeding cautiously with the introduction of transfers between mainstream and ancillary services although some are further ahead than others. The Midland is alive to the career oppor-



The public view of life in the five clearing banks.

tunities opened up by diversification but it has not yet begun to interchange staff on any sizeable scale. On the other hand Barclays has reached the point where it might consider putting a staff specialist, such as a chartered accountant, into a pure banking job. Barclays admits that this has not happened yet, but says it could easily do so if it were warranted by circumstances.

Yet although bank staff now have the chance to enter fields that would once have been closed to them, they still have far less control over the direction of their careers than managers elsewhere. The main reason for this is that they cannot openly apply for a particular post in either the branches or the ancillary services, no matter how much it appeals to them or how suited they may be for it. The rule is that the banks, in their wisdom, always know best about which people should be in which jobs. When the time is deemed ripe, staff are simply sent to new posts.

This procedure is defended by the banks on a number of grounds. It is pointed out that all managers are given appraisal interviews every year at which they have the chance to indicate job preferences. In addition to this, employees are said usually to find out about vacant posts through the grapevine and they can then tell their superiors that they would like to be

considered for a particular position. The banks also say that their staff need to be protected from disappointment. This view is backed by the Council of Bank Staff Associations although Mr. Will Aspinall, secretary of the Council, admits that some of his members have started demanding that all posts should be internally advertised.

Demoralised

The banks themselves claim that if people were allowed to apply for jobs and then failed to get them they would become demoralised — though why bankers should feel rejection more keenly than managers in other fields is never made clear. They do not appear to be lacking in horse sense, either: yet the banks say that if staff were left to their own devices they would probably apply for unsuitable jobs without having much idea of what would be involved.

Finally, it is claimed that open competition would take far too long, that eligible people are never overlooked, and that mistaken appointments are virtually unknown. But despite this formidable list of arguments in favour of the present system, there is a small body of evidence that seems to point in the opposite direction.

Williams and Glyn's, the smallest of the main clearing banks, has been advertising certain specialist positions for

some time. It has agreed with NUBE that any posts which are thrown open to outside applicants should also be advertised internally. So far the scheme has proved extremely successful.

Mr. Terry Lyons, personnel director of Williams and Glyn's, says that a number of jobs have been filled from within as a result of circularising staff about vacancies in specialist fields. Sometimes advertisements have been answered by bankers with qualifications or interests that Williams and Glyn's had not previously known about.

On one occasion four bank staff who had once qualified as teachers came forward to apply for a vacancy in the training department. Mr. Lyons says it is surprising how often someone inside the bank turns out to have a hobby, a degree, or a night-school diploma that is relevant to work done by ancillary departments. Once these people have been identified the bank can save itself the trouble of importing expertise from outside, and at the same time career patterns among the staff become that much more flexible.

But at present Williams and Glyn's has no intention of extending the advertising scheme to mainstream banking jobs. It says many managers are carefully groomed to take over senior posts and it would therefore be hypocritical to invite applications for top jobs.

The existing system in the clearing banks means that staff never know whether they have even been considered for a particular promotion — which can cause frustration.

To-day all the banks have a fast promotion stream and those who are picked out as high flyers stand an excellent chance of being seconded for a couple of years to at least one of the ancillary departments. Other managers with slightly less potential may also be given postings outside mainstream banking; but unlike the elite they can never be sure that these jobs will not prove to be backwaters. Staff at Lloyds report that a manager who is told he is going to a specialist division for a year and then finds he is still there after 18 months becomes worried that he will be left there for good with no chance of rising higher.

Rarely move

The fact that staff rarely move from one clearing bank to another means that a manager who thinks his career is progressing the way it should cannot normally remedy the situation by applying for a better job elsewhere. The clearing banks and their employees all say there is no ban on staff moving from one bank to another but they add that it hardly ever happens. There is also a strong suggestion that it would be assumed that anyone who does try to move must have been found wanting by his previous employers. In general it is mainly at Board level that there is any interchange between banks.

If all vacancies were openly advertised there would probably be far more interchange between banks than there is now. But Mr. Lyons says that at present the members of his union are more concerned about the scope for job movement within each of the clearing banks. "It is part and parcel of modern banking that all positions should be advertised, and to my mind it can only be a question of time before this is accepted by the big banks," he says. "There is already a certain amount of interchange between departments in the clearing banks but at managerial level there is still not enough. We want more openness all round — more advertising and more job movement. At the moment there is an under-utilisation of talent in banking."

Executives quit U.K.

DEMAND FOR British executives is increasing far more rapidly overseas than at home according to a survey carried out by MSL Group International, a management selection consultancy.

The survey is based on an analysis of recruitment advertisements in the British Press and it shows that the demand for U.K. executives abroad has gone up by 80 per cent. in the last year in the same period demand rose by only 14 per cent. in Britain.

The majority of vacancies overseas was in the Middle East or Africa and it was found that engineers were the people most in demand. Over a quarter of all overseas executive jobs were advertised by British companies. Mr. Garry Long, the MSL Group's deputy managing director, says the figures show that overseas industries are siphoning off a considerable part of the executive and technical resources which might otherwise be employed in the U.K. And he believes that British employers will be reluctant to recruit more executives at home until the beginning of next year despite an upsurge in business.

"The large increase in the loss of management talent from the U.K. is a matter for serious concern," Mr. Long says. "It reflects two outstanding facts — first that Britain is the world's cheapest source of high quality executives and second that more and more British executives are ready and willing to

take overseas posts because of dissatisfaction with their rewards and conditions in Britain.

"Most of the executives going to work abroad, whether on short term contracts or as permanent emigrants, have lost any conviction that they will be able to regain their former standard of living by remaining in the U.K. or even retain their present one."

Business books

The World in Figures, The Economist, £16.75. This reference book is a mine of statistical information on the world's 200-plus countries, including growth rate tables.

Wheldon's Business Statistics, by G. L. Thirkettle, Macdonald and Evans, £2. Intended as a study of the statistical methods used in business to-day, the book lays emphasis on applied statistics, rather than being a theoretical treatment of the principles of statistics.

The Anatomy of decisions, by P. G. Moore and H. Thomas, Penguin Books, £1.25. Examples from business and industry, both private and public, are used to illustrate wide ranging problems which can be solved by decision analysis.

ACCOUNTANCY SALARIES

Attractions of public service

PUBLIC SERVICE can offer rewards that the professions, according to a report published in-day. It shows that accountants out of the private sector in local government sign has been severely cut by one-third greater than equivalent to qualify for a practical certificate they must stay in the public sector.

The report, prepared by Accountancy Personnel, an employment agency, also states that to lead to a jump in salary the number of newly qualified accountants moving into industry has fallen, but that there has been a sizeable rise in the number of graduates seeking to enter the accountancy profession. In addition, the report says that the traditional gap between salary levels in the accountancy and legal professions has narrowed over the past year.

The divergence between public and private sector salaries for accountants is attributed to the fixed incremental scales existing in the former. This means people working in that area have been able to profit by the raising of their salary level and by personal increments. Incremental scales, with few exceptions, do not exist in the professions. Highlighting this point, the report refers to public sector jobs advertised in recent weeks and compares salaries offered with the pay available for the equivalent job in the private sector. For example, a senior auditor post with the London Borough of Ealing was advertised at between £2,288 and £5,588, while the private sector could counter with only £2,000 to £4,500. Wandsworth and East Merton Teaching District advertised for a senior assistant district treasurer at between £2,456 and £7,797 — considerably more than the £5,000 to £5,500 which an equivalent private sector job would pay.

Despite this position, the report says that the popularity of accountancy as a career shows no signs of diminishing. Plenty of enquiries were received by all types of accountancy practices last summer. And although this situation implied an employers' market, starting salaries in accountancy firms were up by an overall 10 per cent. on the previous year.

University graduates, "besieged" by the large accountancy practices this year, says the report. Starting salaries for students entering training contracts for four years after taking a foundation course at university were between £1,750 and £1,900 in London and between £850 and £1,100 in Cardiff, with other provincial cities such as Birmingham, Manchester, Leeds, and Leicester falling somewhere in between.

Salaries offered in London to a newly qualified accountant range from £3,750 to £4,000 with a small firm to £4,000 to £4,250 in a large firm where the accountant would normally also have a degree. Corresponding ranges in Leicester

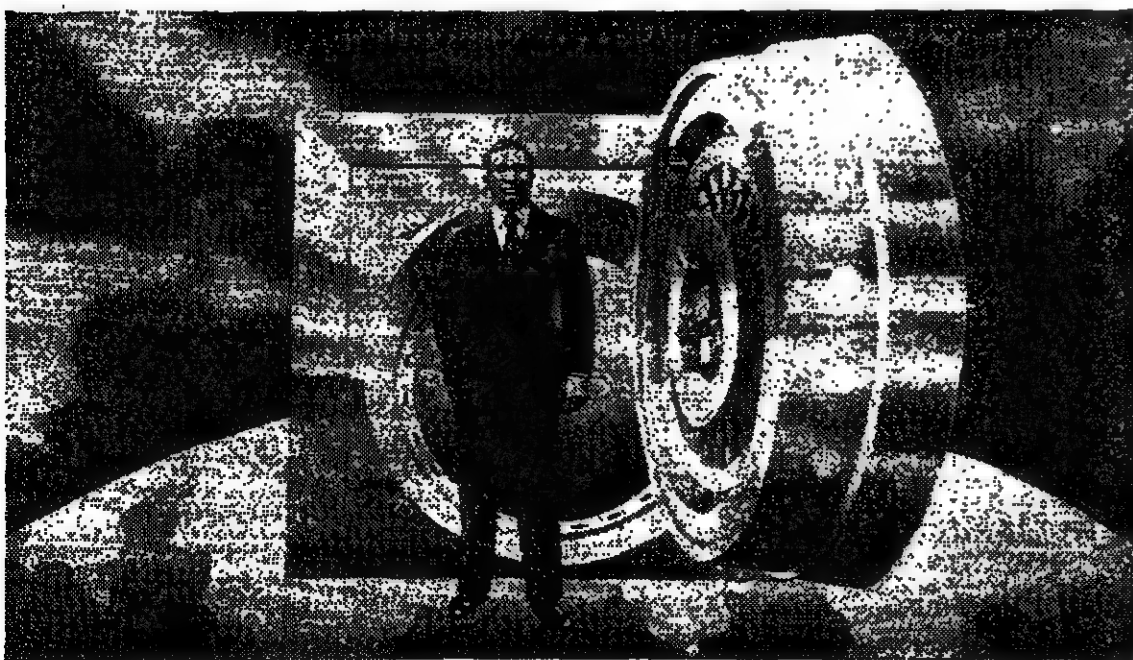
Graduates

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Salaries offered in London to a newly qualified accountant range from £3,750 to £4,000 with a small firm to £4,000 to £4,250 in a large firm where the accountant would normally also have a degree. Corresponding ranges in Leicester

On qualification, a newly admitted solicitor in London could expect between £4,000 and £4,250 in the professions between £4,250 and £4,500 in industry and between £4,500 and £5,000 in local government. Birmingham and Manchester the ranges are less for the profession and industry, but in government salaries held up between £4,250 and £4,500 in Birmingham and Manchester. Survey of Salaries, Accountancy and Law, Accountancy Personnel, 63-65 Market, London EC2R 6BH. Nicholas Les

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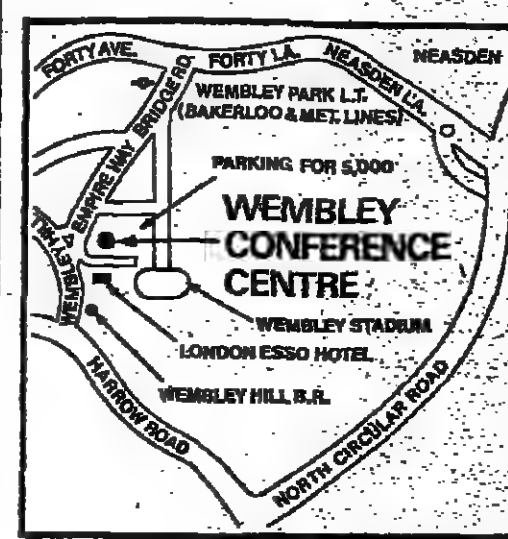
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HOME NEWS

Rigg field development now ahead of schedule

BY DAFTER, ENERGY CORRESPONDENT

WORK on the Frigg gas field in the North Sea has moved ahead of its schedule. As a result, the British Gas Corporation will be able to start supplying gas to its customers in the winter of 1977-78, a year earlier than the original plan. The field is being developed by a consortium of British and Norwegian companies. The British Gas Corporation is the main operator, with the Norwegian companies, Statoil and Elf, as partners. The field is one of the largest in the world, and its development is a major step towards meeting the UK's growing demand for gas.

As a result of that accident a concrete manifold platform has had to be adapted for the drilling work. Elf reported that no special problems have been encountered, although a small drilling rig was needed to bore holes through concrete sections to accommodate production well casings. The drilling of the first production well is expected to start before the end of the year. Five platforms have now been

positioned, four of them in the U.K. sector, while the remaining treatment and compression platform is due to be delivered from Norway next summer. The laying of the two 23-mile pipelines, from Frigg to the Scottish land terminal and to St. Fergus, is also nearly finished.

The field has been developed on the assumption that it is equally split between the Norwegian and U.K. sectors. Total Oil Marine is the operator of the British Association which comprises: Total (33.33 per cent.); Elf Oil Exploration and Production (33.33 per cent.); Aquitaine (33.33 per cent.); and Statoil (33.33 per cent.). The Norwegian group comprises: Elf Norge (27.6 per cent.); Aquitaine Norge (13.8 per cent.); Norsk Hydro (32.9 per cent.); Tom Norde (20.7 per cent.); Statoil (5 per cent.).

The shareholding in the field as a whole will be influenced by a unitisation study which is expected to be completed later this year. That should show how much of the field lies within British waters.

reign car groups trim fit to boost sales

DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

ANALYSIS of foreign car companies in the 1974-75 financial year, published today, suggests that they have trimmed their market share at the expense of current profits. The survey shows that in the financial years between 1974-75 and 1975-76, average profits before tax of the 10 largest foreign car companies fell by 1.5 per cent, to 1.5 per cent of total sales, from 1.6 per cent in 1974-75.

port, prepared by Inter Comparisons, covers cars, commercial and motor-cycles. It states that the fastest sales growth in commercial and motor-cycles but highest profitability was specialist passenger car companies. Sales grew by 37 per cent in the three-year period. The Royal Institution of Chartered Surveyors said an inquiry showed that an unpre-

Leyland switches Clancy

BRITISH LEYLAND has filled from inside the group the vacancy at the head of its service and parts division caused by the departure of Mr. John Egan to Massey Ferguson.

The new director of the division, a section within Leyland Cars, is Mr. Jerry Clancy, who has been director of finance, planning and control at the truck and bus group for four-and-a-half years.

Mr. Clancy, 41, is one of the large number of ex-Ford employees who now have top positions within Leyland.

Buildings hit by drought

ANXIETY WAS expressed yesterday on whether present building standards were adequate to meet problems caused by exceptionally dry weather.

The Royal Institution of Chartered Surveyors said an inquiry showed that an unpre-

cedented number of buildings appeared to have become affected by subsidence after two years of unusually low rainfall. Although few buildings had become structurally dangerous, there had been some significant damage, especially on clay soils.

Gloomy Treasury forecasts likely on jobs prospect

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

NEW TREASURY forecasts—with October unemployment figures due to be announced tomorrow—are likely to show a downgrading both of expectations about economic growth and of prospects for the jobs.

There had been hopes until the recent monetary squeeze and rise in interest rates that unemployment would soon reach its peak, levelling off, and perhaps even starting to drop before the end of this year.

It was pointed out in Whitehall, for example, that while the adult seasonally-adjusted total of wholly-unemployed still rose by 3,900 in September to a new post-war peak of 1,327,000, or 5.5 per cent of the workforce—the rate of increase in recent months had not been so high as earlier in the year.

There was also encouragement from the fact that the eighth successive month as well as from the rise in overtime shown by the

Department of Employment statistics.

Although there has been no change in the official view yet, the prospects now look much more uncertain.

The new National Income Forecasts, which should become available within the Treasury this week, are likely to show both a much lower rate of economic growth than was envisaged in July, and hence also a much steeper chance of any significant reduction in unemployment over the next 18 months.

It is still possible that the unemployment total may decline in the next few months, but virtually all economists outside Whitehall are expecting only a small drop at best, and a levelling-out at the present level may be the most optimistic hope.

Some commentators have suggested that the jobs total could still have some way to rise from the present level. FT survey of consumer confidence Page 31

White rum sales decline by more than 10%

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE DECLINE in sales of white rum this year is highlighted in the latest Customs and Excise statistics.

These show that clearances from bond of all types of rum fell by more than 10 per cent during the first eight months of this year compared with last year.

There is no doubt that this mainly reflects the slump in sales of white rum after some years of rapid growth—in certain years sales rose 40 per cent.

But last year sales were static. The drinks trade believes white rum has suffered because of its high price—compared with most other spirits—and because it is usually mixed with quite costly soft drinks like cola.

In the event, total rum sales for the first eight months of this year were 1.5m. gallons, still slightly ahead of brands which have also suffered from its high price and saw clearances from bond of 1.1m. gallons in the

January-August period. This was 5.5 per cent below the 1975 total for the same months.

Clearances of Scotch over the period fell 3.3 per cent to 8.4m. gallons, while those for immature spirits—cherry gin and vodka—were up 1.76 per cent to 4.3m. gallons, reflecting the success of vodka in particular.

Vodka is doing well because it is comparatively cheap, and fashionable and it mixes with a wide variety of soft drinks.

Canal work will cost £106,000

THE CALDON Canal, North Staffordshire, is to be restored at a cost of £106,000. The British Waterways Board is to meet three-quarters of the cost and Staffordshire County Council and Staffordshire Moorlands Council will pay the rest.

Unions fear jobs threat in local government cuts

BY DAVID CHURCHILL, LABOUR STAFF

NEARLY 50,000 local government posts are unaltered, and 70,000 more could be lost in the next two years, because of the Government's drive to cut public expenditure.

These figures emerged yesterday from a preliminary survey of branches of the National and Local Government Officers' Association, the largest public sector union, and from a confidential memorandum by local authority chiefs on the manpower effects of the spending cuts.

These figures are likely to be raised by the TUC Local Government Committee when they meet Mr. Peter Shore, the Environment Secretary, later this week to discuss the Government's plans for the Rate Support Grant. Union leaders fear that unless further Government help is forthcoming, more drastic cuts in local authority expenditure will follow, with direct effects on manpower.

The NALGO survey, which will form part of the report to its special recalled conference in January, was described yesterday as "shocking" by Mr. Jack Bradburn, chairman of the union's Local Government Committee. The survey was returned by 441 NALGO branches, about an 83 per cent. response rate, which indicated that staffing levels were down by 39,137. NALGO estimates that this figure would be nearer 50,000 if the sample was extrapolated to cover all branches.

Mr. Bradburn said yesterday that the union had warned the Government for the past 18 months that local authority services were coming under increasing strain by staff shortages. "Now we have the figures and we are seriously disturbed," he added.

According to the memorandum from the local authority associations, present plans to cut spending, outlined in a White Paper earlier this year, will mean almost 17,000 jobs lost in the next few years. The memo says that even quite small cuts in spending in the next two years—23 per cent. next year and 5 per cent. in 1978-79—will mean a loss of nearly 70,000 jobs. But the association's figures, which are only preliminary estimates, reveal that 9,000 of the 70,000 jobs lost would come from direct redundancies, the rest from not replacing staff who leave.

Further cuts of 23 per cent. next year will be basically borne by education departments, which will cut their planned numbers of new teachers by 11,900. About 8,300 fewer policemen, firemen, and school crossing patrol staff would also result.

would mean 14,500 fewer teachers and nearly 6,000 fewer police, fire, and road safety staff.

Talks to-day on Babcock site strike

NEW TALKS to end the four-month-old strike which has halted construction of the Isle of Grain power station in Kent will be held to-day between national union officials and representatives of the site contractors, Babcock and Wilcox.

They will cover new productivity and manning levels at the site after the contractors claimed these are too low.

About 1,000 environmental health officers, many of them members of the National and Local Government Officers' Association, are to lobby MPs to-day in protest at new EEC regulations requiring vets to supervise their work. NALGO said the present regulations were unnecessary as British environmental health officers already cover vet's duties.

Textile union leaders are to seek top-level talks this week with Courtauld management and Government Ministers over the company's plans to close four plants employing over 3,000 people. At one plant at Aintree, Liverpool, shop stewards saw Mr. Eric Heffer, MP, over the week-end.

Companies 'ignore Bill ending sex inequality'

FEW OF BRITAIN's major companies are complying with the new sex discrimination laws, claims a survey published to-day by the Equal Pay and Opportunity Campaign.

The survey, which covered 40 of the largest industrial and commercial companies, found that less than one in four had made any changes at all in the areas of training, promotion or fringe benefits for women as a result of the Act, now some ten months old.

Only a third of companies surveyed were conducting any kind of monitoring operation that would enable them to know whether their practices were discriminatory, claims the survey. And more than half the companies were said to believe that nothing else needed to be done to ensure equality.

The only area where the survey found any substantial change by employers was in job advertising and recruitment procedures where discrimination was less apparent.

The organisation which carried out the survey represents about 60 people in industry and unions who have formed a pressure group to campaign for sex equality. A similar survey carried out last year by the group found that none of the companies questioned had any official policy towards sex equality.

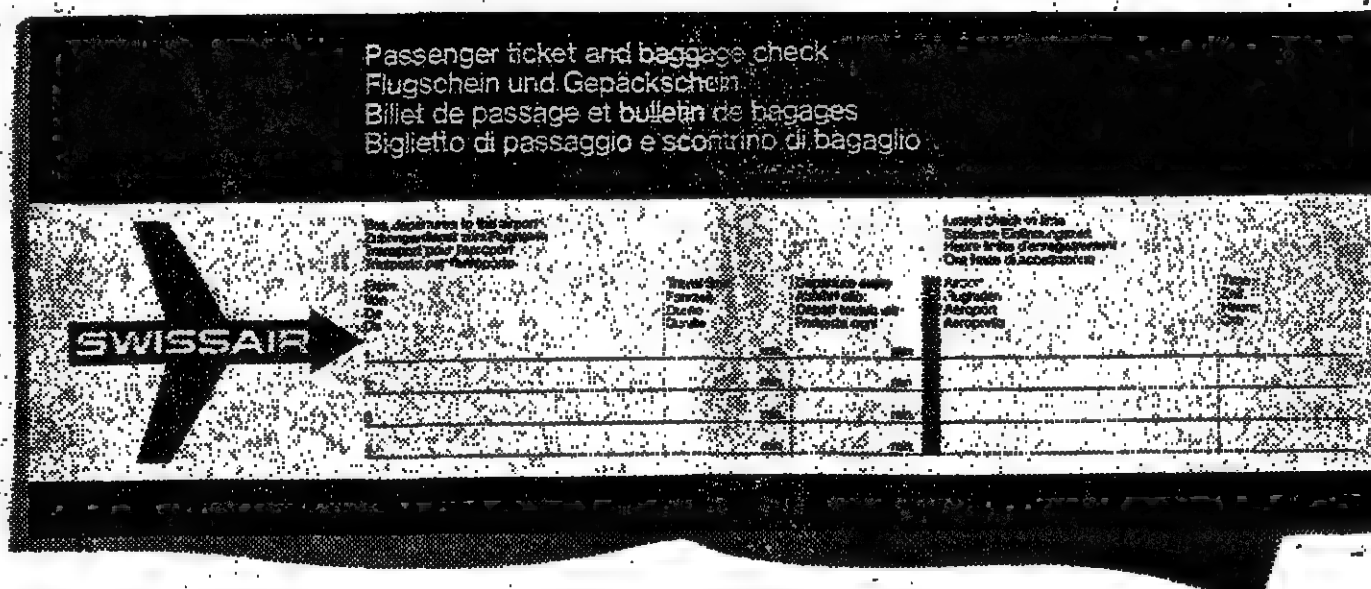
Chemical war station protest

MINISTRY OF DEFENCE plans are likely to cost more than they save.

They say in a discussion paper being sent to the Ministry to-day that unless the Ministry provides new and expensive equipment at Porton Down, it would have to send toxic effluent by road through heavily-populated areas, to be treated by a company in Southampton before it could be dumped.

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How do we account for this success? For one thing, surely, because you can keep buying it over and over, but it's always different. Once it will be about a trip from Tokyo to Bombay; another about a journey from Rio de Janeiro to Geneva. Again, it may cover a trip from Vienna to Basel. Or to some other one of the 87 Swissair destinations it may deal with. No chance for boredom there.

But that can't be all. There's another decisive point: though the little book describes each journey as concisely as can possibly be, the person to whom the book belongs (and to whom, in fact, it is personally inscribed), experiences the trip more vividly than any work of mere travel and description. He experiences himself, in other words, not vicariously.

Is there another reason? Yes, there is; in fact we dare to hope it's a big one: the author, name of Swissair.

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The author early attracted world-wide attention through powerful connections; critics were impressed by the exceptionally skilful use of ever new and more modern material. (Today, for instance, DC-10 and Boeing 747 B.)

The style is distinguished by its subtle empathy. For instance it is always considered of major importance for people to feel at their ease so long as they are traveling with the author. Typical details are a choice of two menus in the Economy class on long flights; special and

dietary meals when spoken for in advance; smoking and non-smoking compartments; film projection and a selection of eight different music programs on most long-distance flights; sewing kit, shaving tackle, the Swiss railway timetable and flight timetables on all planes.

In all the author's works the Swiss origin is perceptible, almost tangible. This may be one reason for growing popularity. More and more of the author's friends are more and more inclined to touch down in Switzerland on their travels. More and more people appreciate the precision and dependability (traditional attributes of the country) that have so plainly left their mark on the author.

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FINANCIAL TIMES SURVEY

Monday October 25 1976

Brazil

Discussion of Brazil's future—economic, political and social—is raging as never before. The "never had it so good" days are over and the Government is being forced to rethink many of its basic development strategies and to formulate a new, more viable and balanced pattern of growth.

For this month the Folha de São Paulo, one of the principal newspapers in Brazil, carried two pages on top of the first—quoting the words of Sr. Severo Gomes, Minister of Industry and the Brazilian development strategy — announced the Model. can be seen in the thoughts of Sr. Henrique Simonsen, the Minister of Finance, were re- "Not very much" the is said.

front page of the Folha had graphically enough lent of the great debate is now going on in Gov- circles about the of the second largest in the Western Hemi- With the fading of the mic miracle," discus- about where Brazil goes raging with a freedom d of even five years ago.

debate has already over from purely econo- to social and political. Albeit within carefully- ted guidelines and with e of limited but effective ship of the communica- media, all the targets and ves that were being d with such raucous blindedness by the ments of General Geisel's assors. General Costa e General Médici, are take this year in an attempt to "reconsidered by General Geisel" and his repair an ever more serious

supporters.

Gone are the days when with boundless and unthinking self-confidence the authorities poured out a stream of pro-paganda slogans: "No one can stop Brazil," "Brazil, love it or leave it." The Brazilian armed forces, who have been in control of Brazil since the coup d'état of 1964, and who only a few years ago appeared to have convinced themselves by their own assertions that their every policy was as good as it possibly could be, have woken from their dream and moved into a period of introspection.

The reasons for the new mood are not hard to find. Realisation that the period of rapid growth in GNP which the military had christened "the miracle" is ended has finally overtaken the world of Brazilian business.

Optimistic

This realisation came to Brazilian business—buoyed up as it then was by the continuing flow of optimistic statements from Brasília—many months after it had become obvious to foreigners and critical observers within Brazil that the period of rapid growth was over, terminated by the oil price rise and the consequent balance of payments difficulties.

The very tough measures that the Government has had to take this year in an attempt to "reconsidered by General Geisel" and his repair an ever more serious

situation in the external sector of the economy have driven this realisation home powerfully. The advance deposits required for many imports, the prohibitive duties set on luxury items from abroad, the swingeing penalties imposed on those wishing to travel overseas for any but essential reasons and

balanced development has led to a reconsideration of alternative economic strategies.

The thesis of Sr. Severo Gomes that much more must be done to increase the purchasing power of the vast potential market of 100m. people represented by Brazil's population is becoming more and more widely

accepted as the difficulties mount in the external sector. It is significant that the UN Economic Commission for Latin America, which has as good a claim to the paternity of at least the propagation of the idea of developing the domestic market of the developing countries of Latin America, is not ridiculed to-day as it was last year in Government circles in Brazil.

And while last year it seemed that among all General Geisel's Ministers it was Sr. Gomes who was most isolated in the Cabinet and in most danger of losing his job, the political gossip is now forecasting that it is Sr. Gomes who is now the golden key to João Paulo dos Reis Velloso,

the increasingly intense "export or die" campaign have had their effect.

It should not come as too much of a shock to business if the Government, grappling with increased oil import prices, a multi-billion dollar trade deficit, a rate of inflation running at near 50 per cent. a year and a rapidly expanding foreign debt, were to put the brakes on the economy with even greater force than it has so far this year.

The realisation in Brazil that a big export effort and an unremitting campaign to borrow as much as possible from foreigners are not, of themselves, the golden keys to João Paulo dos Reis Velloso,

the Planning Minister and the principal remaining defender of the idea of rapid growth at any price, who is closest to being relieved of his duties.

Doubts about the continuing viability of the present economic strategies, which were mapped out in the past decade by successive economic over-

bishops of São Paulo, and dealing especially with the problems of growth and increasing poverty in that city shows, for instance, that if present income trends continue 60 per cent. of the population will be earning less than the minimum wage by the year 1980.

Anxieties about the social

effects of the "miracle" have begun to be voiced even in those circles where in the past the benefits of the "miracle" were most staunchly defended.

In an editorial which criticised the poor nutritional standards of the young, the Conservative O Estado de São Paulo, the city's best known newspaper, said, "Every day one meets a great preoccupation everywhere about the volume of investments that will be needed in the next few years if in the medium and long-term the progress of the country is not to be shut off."

The latest authoritative study, carried out under the sponsorship of Cardinal Arns, arch-

which will have to be supplied to the Centre-South in 1981, there are careful studies on the supply of steel products in 1981, there are long debates about the volume of fertilisers and non-ferrous ores which the economy will demand in the next five or ten years. And people seem much of the time to forget the young people who in the next 15 or 18 years will be entering the labour market with the job of using all these material resources. To put it crudely, in terms of human capital Brazil is becoming a country where the machinery tends to be in a better state than a large proportion of the men."

There is no doubt that reflections such as these are giving much food for thought to the military and are prompting not a few officers to remember that if they seized power in 1964 in order to put an end to what they saw as bad government and a Leftward drift in the country, they did not ever want the sort of social situation that Brazil appears to have 12 years after the coup d'état.

This realisation has in its turn prompted the thought in the minds of some officers that the political structures of Brazil are in a very primitive state as compared to the growth there has been in the Gross National Product.

It is clear to many that the artificial political structure which was set up by the military

to fill the vacuum left after the dissolution of Brazil's traditional parties at the time of the 1964 coup has not been a success. ARENA, the party breathed into life to support the military, has remained a wan creation, condemned to applaud the military whatever they do and powerless to change their policies.

Hostile

The MDB or Brazilian Democratic Movement has proved itself no more than a ragbag of bitterly hostile factions which share nothing more than the fact that they were thrown together by the military to provide some semblance of parliamentary appearances where no parliamentary life in reality existed. The artificiality was never better demonstrated than by its inability to change any policy on which the military had decided.

Now in the wake of the faltering of the economic strategy and the questioning of its social effects comes a re-examination of the political machinery. In the highest Government circles consideration is being given to the scrapping of ARENA and their replacement by groupings which would reflect real political opinion in the country now—genuinely—always, being understood that extreme Right and most of the Left would be excluded. But as the ripples of the

CONTINUED ON NEXT PAGE

The big re-think

By HUGH O'SHAUGHNESSY, Latin America Correspondent

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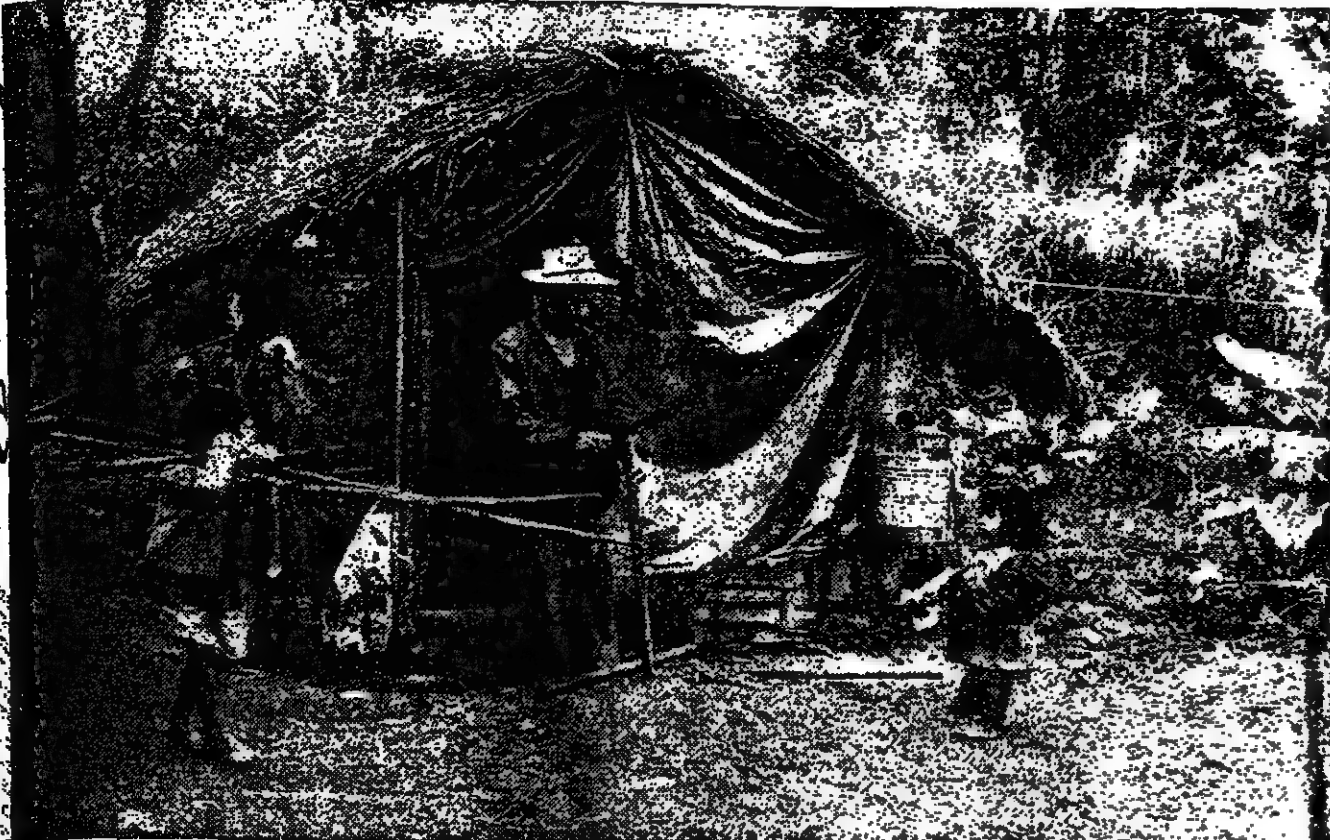
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BRAZIL III



The economic boom has done little to relieve the plight of the very poor. Urban poverty is increasing, particularly in the north east, where infant mortality in some areas reaches a ratio of one death to every four births. The Guarani Indians pictured above live on the outskirts of São Paulo and survive by begging in the city or working on a daily basis as rural labourers.

The holes in Brazil's economic development policy and the uneven pattern of prosperity it has produced are now becoming apparent, and the Government is being forced to make some unpleasant decisions about its future priorities.

Economic setbacks

Its most recent phase of industrialisation, which began in the 1950s, was by taking a number of steps. Even without the setbacks of the last 15 years, a time of consolidation already overdue. But the stuffing has gone from the economic miracle the kind of development the army and its advisers for after 1964 have even more apparent.

First, a sense in which can be said to have paid for its boom is social. The overall income has grown, but the gap between the rich and the poor has widened. At the top of the scale, a bigger share, people bottom a smaller. The living power of the middle class has decreased over the years, especially in the north-east, where almost a third of the population live, outside the money altogether.

Second kind of cost was increased dependence on free flow of loans to the growth, bringing in investment capital to a huge debt dominated big of the economy and heavily on exports for over which it had no Brazil lost in the bar of its own decision.

True that Brazil was like part, to a much extent than before, in the of world trade, but in committing itself to in big quantities of oil, machinery and basic commodities for which it is now paying rather than relying on, buying more of its own.

But crisis made this all too obvious, and it has been the start of profound changes in the of Brazil's productive

emphasis has shifted on consumer durables and electrical goods and in the two years to the of this year had only growth, to capital and heavy goods, which have annual rates of 8 and 10 per cent. Up to 1980 Brazil spent \$21m. on self-help programmes including paper and fertilisers, the raw materials for

at the same time there has been an attempt to activate the potential domestic in its 110m. population, but anywhere else in America, Africa or the East, Brazil has an outlet of uses. About 70m. Brazil has no active part as the Government set that was to be a gradual in the pay structure, but it has not put it up a bit more cost of living. This pattern was repeated in 1977, with a 43 per cent. rise in inflation rate of 45 per cent.

For factor in the cost of food, largely because of the woefully inadequate of food supply, shortage of black beans or forced the Government to import this ultra-vegetable from Chile



and Mexico, and inhabitants of Rio de Janeiro's sprawling working-class suburbs have queued, literally in thousands, to buy at prohibitive prices a staple food they are used to eating because it has always been cheap.

"From the strictly economical point of view, it is certain that the most rational course lies in most cases in the process of accumulating and concentrating wealth. But it is still more certain that this process, carried out without limits, will, fatally, divide society in an irreconcilable manner. It is at this moment that material advance itself will be profoundly compromised."

This remark, rather surprisingly, comes from the Minister of Industry and Commerce, Sr. Severo Gomes. Sr. Gomes has spearheaded that body of Government officials which talks in terms of fundamental rather than simply remedial measures to face Brazil's economic problems and which is generally known as the "nationalist wing."

Sr. Gomes has been tougher than other Ministers in his approach to foreign companies, insisting that they evolve their plans in accordance with Brazil's "own kind of development." He is also the one who has spoken most about fairer distribution of wealth, in order to build up a home-based market, and spreading out the weight of industry, which is heavily concentrated in São Paulo and neighbouring States.

The crisis, according to Sr. Gomes, is a convenient time to change the economic "model" and take Brazil away from the kind of economic dependence typified by the policy of Dr. Joaquim Murinho, who was given the job of pulling the

country's finances together at the turn of the century. Dr. Murinho did not think Brazil could imitate the self-reliance of countries like the U.S. "not having the superior attitudes of the race... our industrial policy should be: produce cheaply what is expensive to import and import cheaply what is expensive to produce."

The "Brazilian economic model" is a term which mainly serves to confuse. Sr. Gomes says it is changing. Sr. João Paulo do Reis Velloso, the Planning Minister, says it is not. What is the model? Open trade, U.S.-style capitalism? But Brazil has just created a formidable array of tariff barriers, and over the years has built up such a powerful State sector—in mining, steel, finance, energy and transport—that the Government is now bending over backwards to try to resuscitate private enterprise.

If the "model" that developed during the late 1960s is criticised as being too "extrovert," the alternative is not necessarily the exact, inverted opposite. Brazil still needs export industries, not only for foreign exchange but also for jobs. It is also worth noting that many of the high-growth foreign-controlled companies—the car industry being the most obvious example—were geared primarily to the domestic and not to the external market.

Discussions about "models" always implies that once the right one is found everything will be dandy. But Brazil has another problem, which could be put less pretentiously as one of management. The Government itself is probably to blame for having adapted far too late to fundamental changes in the world situation, and some of its members have been subject to

increasingly open criticism. A retired admiral, who is still having his newspaper articles published, is being tried for allegedly insulting the honour and dignity of Sr. Reis Velloso.

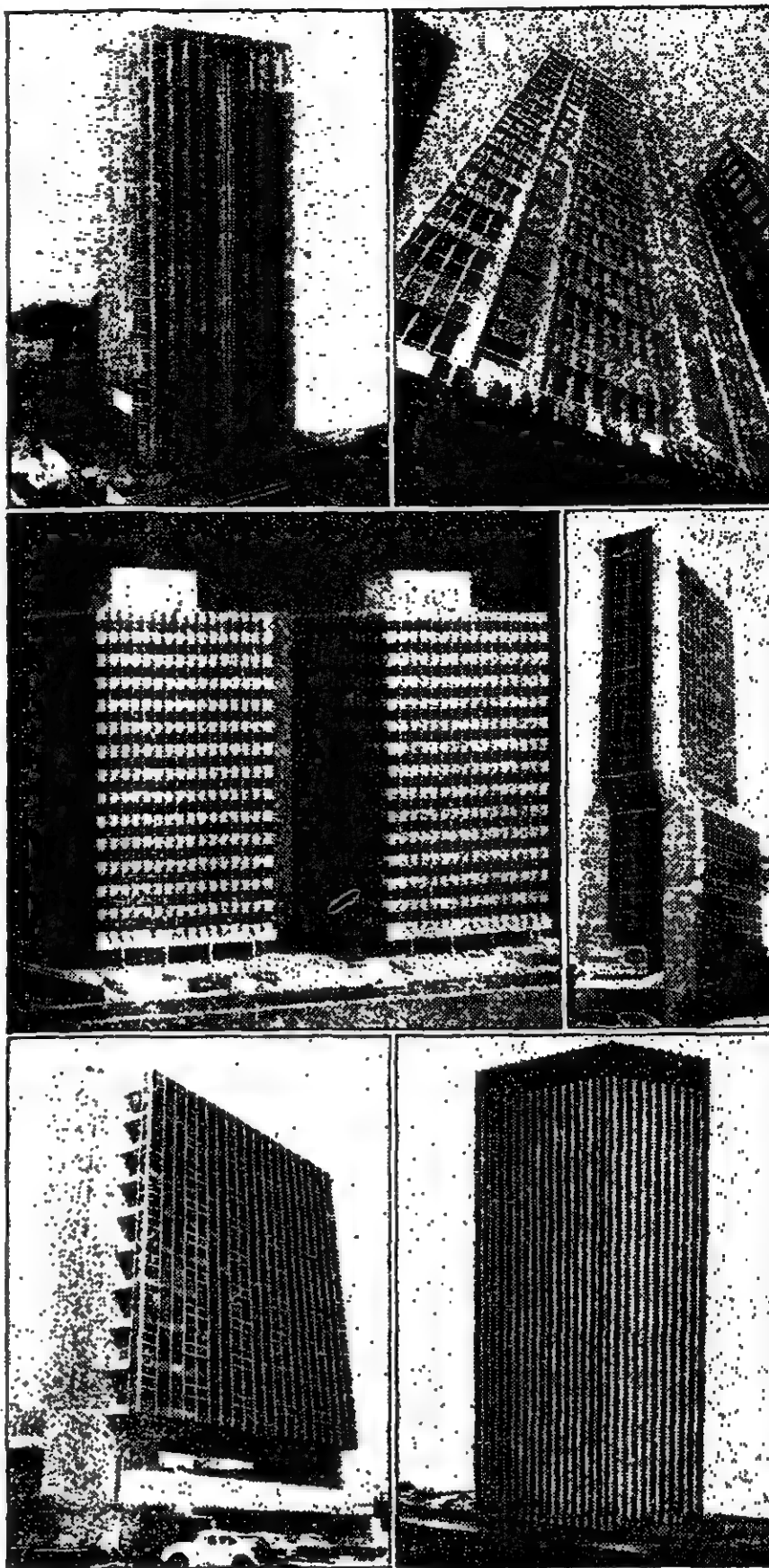
Further down the scale, bureaucracy is proliferating, and there are administrative blockages in many important sectors—projects to produce alcohol for mixing with petrol (one of the Sr. Gomes' favourite plans), the steel programme, training of nuclear scientists, the operation of the north-east's development authority Sudene, and others.

The deficiencies in the running of Brazil's cities are close to catastrophic. Urban poverty is increasing, particularly in the north-east, where a bad drought has added to the influx of peasants from the interior. Sanitary and other facilities in places like Salvador, a city of 1.5m., are totally inadequate. In Recife, which has attracted a lot of new industry, the rate of infant deaths, according to a recent publication by the Brazilian Institute of Geography and Statistics (IBGE), increased from 178.4 in every 1,000 live births in 1972 to 229.0 in 1973 and 256.4 in 1974.

A further hazard is on its way with (as yet unspecified) spending cuts, which the Government is determined to make but which look like being fought down to the last cruzeiro. The most important programmes, including those for the backward central and northern regions, are to be maintained. But some projects, including hydroelectric schemes, will be held back. More and more, the Government is being faced with a rigorous choice of priorities.

D.W.

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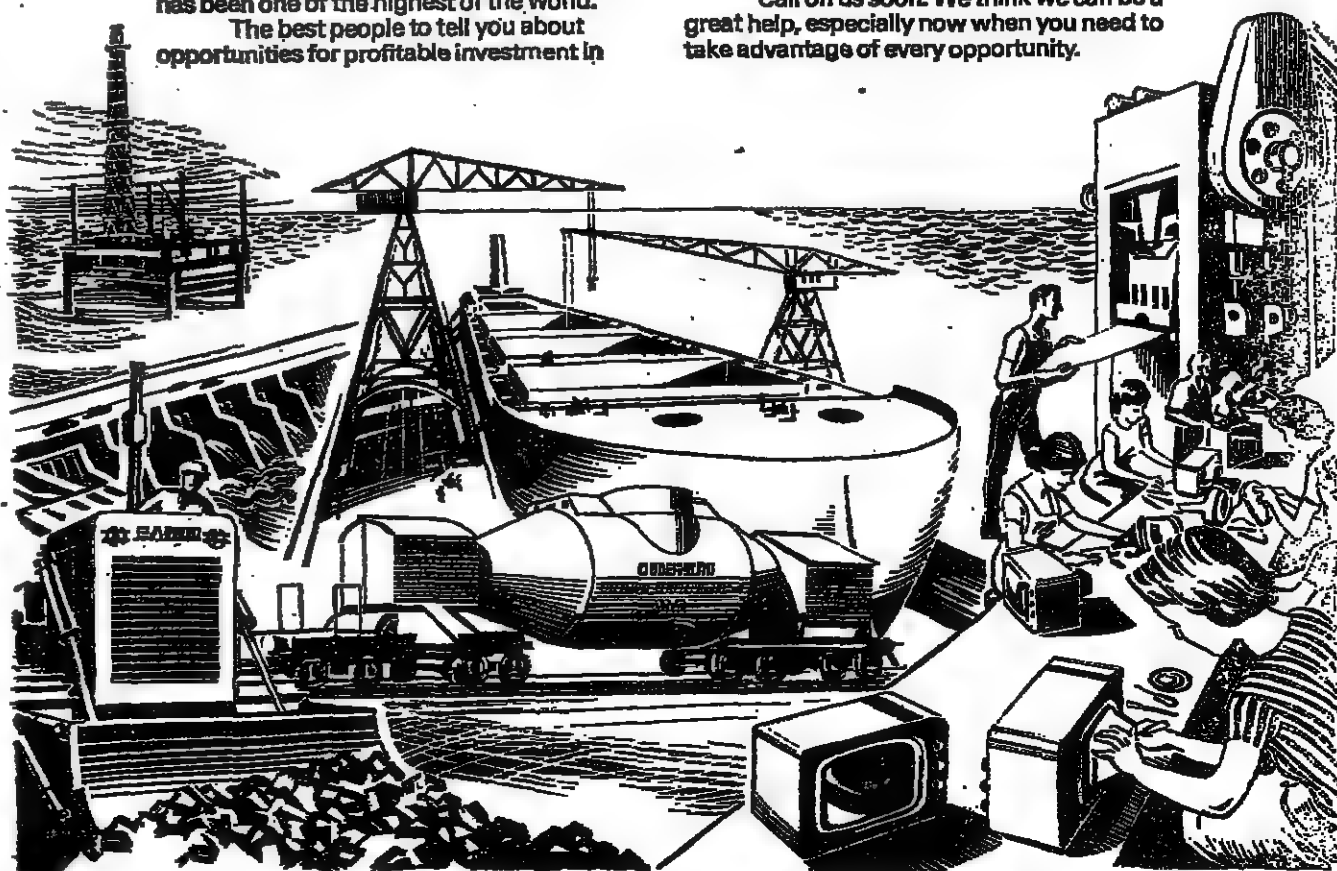
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BRAZIL IV

Political progress in Brazil since the formation of the military Government in 1964 has been minimal. Even the mild discontent with its policies shown in recent elections has been enough to embarrass the Government and produce new limitations on political activity. But General Geisel seems to be beginning to look for political reforms.

Political power

"BRAZIL HAS made enormous economic progress in the past few years, but this has not been matched by any progress in the political field. We have to face up to the fact that Brazil is politically an underdeveloped country." The importance of this remark lies not in the sentiments it expresses but rather in the identity of the man who delivered it. Coming as it did from a senior Government official known for his very close relationship to General Ernesto Geisel, the President, it has great significance for the country's future.

General Geisel has made up his mind that the present political structures are no longer fit even for the limited tasks that the military assigned to them. The question is how far his desire to change the appearances of political life in Brazil coincides with a wish effectively to change the balance of power in the country. The story of the present political parties is simply told. The military took power from the civilian president João Goulart in 1964 and immediately abolished party political life as it was known. The 13 major parties were put into liquidation and some of the chief political leaders were either physically eliminated, sent into exile or deprived of their political rights. Some of these parties were highly professional and ideologically committed groups, such as the Communist Party, others were made up principally of the personal following of one or two personalist leaders, while others yet were ramshackle groups of politicians spread over the country's great land mass who were unable to co-ordinate themselves very

effectively and who drifted along in the political tide doing not much harm and not much good. Two years after the coup, however, the real rulers of the country, the military, decided that they wanted to clothe their own administration in the raiment of a civilian parliamentary system, so they created by decree two parties, the Aliança Renovadora Nacional (ARENA), a group of conservative civilian politicians who could be counted on to support the policies decided on by the military rulers, and the Movimento Democrático Brasileiro (MDB), a collection of centrists and right of centre politicians capable of providing a muted opposition.

Shadow

Since their creation the two parties have fought out a game of shadow boxing in the Federal Congress in Brasília, in the various State legislatures and in local government. Lacking in all but the most indirect influence on major policy decisions which are still taken within the bosom of the military or by civilians they have entrusted with cabinet posts, and with no control over finance measures, MDB and ARENA have had no real share in the Government. Neither have they been able to strike roots in the popular imagination. The voters saw that ARENA had no life independent of the military, while the MDB's ability to manoeuvre and criticise was carefully circumscribed by the Government, the bolder spirits in the party having their political rights taken away from them summarily with recourse to the Government's reserve powers. The cult of the personality in both parties was officially frowned upon.

In November, 1974, however, MDB gained an election success which was all the more surprising given the constraints its campaign suffered in the com-

munications media. In the final political system in a Senate it tripled its representation and won 20 out of the 36 seats, while in the Chamber of Deputies it almost doubled its strength to capture 160 out of the 364 seats.

The results showed that the voters were discontent enough with the Government to commit their votes massively to the MDB, even though it was clear that the MDB had little power to change official policies. The result of the 1974 election appears to have had two effects on the thinking of the authorities. First it has made them place even greater limitations on party political activity in the run-up to next month's local elections. Sr Armando Falcão, the justice minister who is the representative of the far right of the cabinet, has ruled that MDB's access to the television, for instance, to organise outside a prime factor in the party's success, must be minimal. In a step, though limited in scope, addition the prefects of the principal cities cannot "because of considerations of national security" be elected by a free system which has up to now reduced the level of popular enthusiasm, very greatly in the main cities, though there is some excitement in rural areas over the voting.

Second, the experience of 1974 brought it home to the Government that if things went on as they were the opposition would soon gain a majority in Congress and make life increasingly difficult for the military. It was clear that Pinheiro was possibly going to resign to life. This realisation led to some speculation that in order to maintain the status quo and the hegemony of ARENA the military would form a third party, this would claim more support from MDB ranks than from ARENA ranks, and would thus eliminate the danger of MDB dominating ARENA.

Now there are indications that General Geisel's objectives have become broader and more far reaching. Rather than tinker with the, an admittedly arti-

Permission

A first step in this direction could be the granting of the permission to a number of parties to the centre and the right, the Christian Democrats, for instance, to organise outside the MDB straitjacket. Such a move would have the advantage of allowing some genuine political ideas to circulate in a political system which has up to now been doomed to artificiality. No one, however, knows better than Geisel himself the dangers that he faces in pursuing such a policy. His opponents on the Right, and especially within the armed forces, will redouble the campaign they are already conducting against what they describe as his "dangerous liberalism" and his "treason to the ideals of the 1964 Revolution." The Right will be supported by many who have a great deal to fear any investigation of the administrative scandals which have occurred since 1964. On the Left the appetite for power will grow fast as it is seen that the old political systems dominated by the military are about to give way to some more flexible and democratic political system. But whatever the dangers one fact is clear—Brazil has outgrown political garments it was given by the military in 1964.

H.O.S.

Brazil's foreign policy appears to be trying to portray the country as a friend to the whole world, a task that will be difficult to carry through. But Foreign Minister Azeredo da Silveira and General Geisel have made good progress during recent years.

Foreign policy

THE LIFE of any Brazilian member of the group of foreign minister is a complicated one. Despite the mixed reception he got in London he made some progress during these visits.

At the same time Brazil has been careful not to let the shine of its relations with the more conservative governments of the Third World, from particular partner of the states of Black Africa, a business and military associate of South Africa, a country with big trading links with the Soviet Union and friend to the authorities in Chile.

But then Sr. Azeredo da Silveira is a man of many parts who is also up to the job of defending himself against the not infrequent attacks he suffers on the domestic front from those who insist on calling attention to his short stature and referring to him with a possible trade concessions from disdain he does not merit as "Little Silveira."

So far the feats of equilibrium that have been demanded from its diplomats by the Brazilian Government's desire to get the best out of the different communities to which it feels it belongs have been reasonably successful. Brazil has strengthened its relationship with the U.S. on the good will of whose banks the development of Brazil to a large extent depends. Dr. Henry Kissinger went to Brazil in February and there is no doubt that Brazil is seen in Washington as its main Latin American ally, and a lot less troublesome ally than, say, Mexico, Argentina, Chile or Paraguay. By his visits this year he backed up its search for new friends among the newly independent countries of the West. The signature of a very big goods deal with the West German Government, General Geisel has sought to improve his relations with other major

instance, was among the first of the non-Communist countries to recognise the independent government of Luanda.

Voices have meanwhile been raised in Brazil to the effect that greater priority should have been given to the relationship with South Africa. The military establishment, and in particular the Brazilian navy, has been making quiet propaganda in favour of some sort of South Atlantic Treaty at a time when the Soviet Union has been extending its influence in the area. This Brazilian initiative has been supported, naturally enough, by the Vargas Government which has been living other conservative regimes in South America, notably Paraguay, Uruguay, Argentina and Chile, and which has been pained by the Brazilian Foreign Ministry's unremitting condemnation of apartheid.

The opinion of the Brazilian military which actively seeks a South Atlantic pact appears to have had the cautious backing of the U.S. Defence Department. It has also got support from conservative civilians. The conservative daily O Estado de São Paulo accused Sr. Silveira of being guilty of a "demagogic" policy in trying to establish good relations with Angola and in rejecting any involvement with apartheid.

His course, the newspaper said, was "suicidal." So far there is no sign that General Geisel or the Foreign Ministry backed up its search for new friends among the newly independent countries of the West. The signature of a very big goods deal with the West German Government, General Geisel has sought to improve his relations with other major

Africa

The same need for trade on the one hand and investment and political relations on the other has marked Brazil's relations with Africa. And the subject of relations with Africa has caused no little controversy there is no sign that General Geisel or the Foreign Ministry backed up its search for new friends among the newly independent countries of the West. The signature of a very big goods deal with the West German Government, General Geisel has sought to improve his relations with other major

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BRAZIL V

With interest rates of up to 30 per cent per month the Brazilian money market is, to say the least, unusual, and it has not developed in the way that the Government intended. The 'open markets' have fed inflation and have failed to give the authorities the measure of control that they had hoped for.

Money market crises

LONDON bankers it must be said, are not in a position to sell the LTNs without problems. The Government pays an excellent rate of interest, which averaged about 37 per cent last year. The Government sells the LTNs to large banks and brokerages, which in turn resell them to private companies for short periods (overnight), promising to repurchase them. Just before payday, for example, companies frequently have large sums of money available in cash. It is now common practice for this money to be applied for a few days on the money market. Another important and erratic source of money for this market comes from the inflow of foreign capital. There is a lag between the date when the money enters the country and the time when it has to be registered with the Banco Central. During this period it is generally placed in the money market. The main reason why interest soared to 30 per cent per month at the end of September was that the Banco Central sold LTNs anticipating that Brascan would import US\$100m. However, Brascan waited in anticipation of a cruzeiro devaluation. The result was that the money market was left cashless and a few smaller brokers had desperately to offer 30 per cent to cover their position.

To sell the LTNs without problems, the Government pays an excellent rate of interest, which averaged about 37 per cent last year. The Government sells the LTNs to large banks and brokerages, which in turn resell them to private companies for short periods (overnight), promising to repurchase them. Just before payday, for example, companies frequently have large sums of money available in cash. It is now common practice for this money to be applied for a few days on the money market. Another important and erratic source of money for this market comes from the inflow of foreign capital. There is a lag between the date when the money enters the country and the time when it has to be registered with the Banco Central. During this period it is generally placed in the money market. The main reason why interest soared to 30 per cent per month at the end of September was that the Banco Central sold LTNs anticipating that Brascan would import US\$100m. However, Brascan waited in anticipation of a cruzeiro devaluation. The result was that the money market was left cashless and a few smaller brokers had desperately to offer 30 per cent to cover their position.

with foreign terms which are often misleading. The market became distorted with the widespread introduction of speculation, the so-called Open Market No. 2. Some banks, but particularly brokerage houses, began buying up enormous numbers of bonds, very much larger amounts than they could cover in an emergency. They immediately resold the bonds to private companies for a few days, in a long series of rapid transactions. At the end of June, for example, one market operator had commitments to repurchase bonds to the value of Cr.649.7m. (\$34.3m.), while its total assets were worth only Cr.1.5m. (\$790,000). Companies like this are vulnerable to any temporary shortage in money supply. With deadlines for repurchase, they will pay almost any price rather than lose their credibility in a market which is so dependent on personal contacts.

Besides this, almost any kind of bond or security began to be negotiated on this market: ORTNs (Indexed treasury bonds), housing bonds, bills of exchange, very long-term electricity bonds and even savings deposits. One broker commented ironically: "They haven't started dealing with State lottery tickets yet. But that will be the next thing." Mario Henrique Simonsen, Minister of Finance, remarked recently: "The bonds negotiated

on the open market have become almost like cash." The inflationary effect of what is virtually a large-scale increase in the money supply is very considerable. Moreover, the money market also feeds inflation in another way. During the last few months of last year, the "open market" passed through a serious crisis. With the tightening of the credit squeeze, rates on the market soared and many operators had extreme difficulty in covering their positions. Afraid of the serious domestic and international repercussions of a serious collapse, the Banco Central intervened time after time, issuing large sums of money to ensure the liquidity of the market. Occasionally it moved in more openly, assisting a financial body in difficulties. For example, at the end of November, it lent Cr.42m. (\$2.6m.) to Scaramo, a brokerage house, which had been unable to honour a cheque on an ORTN negotiation.

These injections of money led to a large, unplanned increase in the money supply, which expanded as much during the last three months of the year as it did during all the first nine months. More than anything else, it has been this large increase that has made the Government's anti-inflationary policies ineffective this year. For the Government has become very large sums of money involved. Daily negotiations of the money supply and LTNs on the official Open Market No. 1 recently peaked at Cr.20bn. (\$1.1bn.). This and disorder in the money could be compared with the average daily turnover on the Banco Central buys bonds or emits more money; and this feeds inflation.

This year the Government took timid measures in April and August to discipline this market. Institutions were told that they must not over-extend themselves to the same degree as in the past, but limits were still well in excess of assets. These measures have proved inadequate, and it is widely believed that the Government will eventually be forced to take a tougher line if it is successful in putting into practice its monetary policies. Meanwhile, however, the Banco Central continues to succour financial bodies in difficulties. In September, it covered two cheques issued by the respectable Banco Econômico which would otherwise have bounced. Since then two brokerage houses in similar difficulties have received help. Bankers are expecting the market to be shaken by other upheavals in the near future. The president of a large brokerage house confessed recently: "Every day when I wake up, I pick up the newspapers with my heart in my mouth. I am really afraid that I'll be reading about the collapse of some financial institution." He explained that the present problems are not just the work of isolated speculators but stem from the precarious nature of the whole Open Market No. 2. The president of one of Brazil's largest multinationals recently commented: "It is impossible to operate on this market in its present chaotic form. The Government must step in and establish clear rules for the game."

The harmful effects are all the more marked because of the very large sums of money involved. Daily negotiations of the money supply and LTNs on the official Open Market No. 1 recently peaked at Cr.20bn. (\$1.1bn.). This and disorder in the money could be compared with the average daily turnover on the Banco Central buys bonds or emits more money; and this feeds inflation. This year the Government took timid measures in April and August to discipline this market. Institutions were told that they must not over-extend themselves to the same degree as in the past, but limits were still well in excess of assets. These measures have proved inadequate, and it is widely believed that the Government will eventually be forced to take a tougher line if it is successful in putting into practice its monetary policies. Meanwhile, however, the Banco Central continues to succour financial bodies in difficulties. In September, it covered two cheques issued by the respectable Banco Econômico which would otherwise have bounced. Since then two brokerage houses in similar difficulties have received help. Bankers are expecting the market to be shaken by other upheavals in the near future. The president of a large brokerage house confessed recently: "Every day when I wake up, I pick up the newspapers with my heart in my mouth. I am really afraid that I'll be reading about the collapse of some financial institution." He explained that the present problems are not just the work of isolated speculators but stem from the precarious nature of the whole Open Market No. 2. The president of one of Brazil's largest multinationals recently commented: "It is impossible to operate on this market in its present chaotic form. The Government must step in and establish clear rules for the game."



...the first of four 3,500-ton Vosper Thornycroft Mark 10 frigates which are being supplied to the Brazilian Navy.

Foreign

CONTINUED FROM PREVIOUS PAGE

developing regions. fully, the sale of its manufactured goods like shoes to the Communist world. The Soviets, in a similar trade fix and much in need of hard currency and an opportunity to find an overseas market for their capital goods, have at the same time been trying very hard to clinch the sale of Brazil of turbines for its hydroelectric scheme. It is notable that the pushing, often successful, of the

commercial reasons, not mounted the campaign against the left in Brazil and in Paraguay. Brazil's partner in the Itaipu scheme, that has been used against Chile. Within Latin America Brazil has strengthened its relations with the Right-wing governments of southern America and appears to favour the recent move by Chile to associate itself with the countries of the River Plate Basin Agreement, Brazil, Bolivia, Paraguay, Uruguay and Argentina.

Strain

Brazil's balancing act may henceforth be under greater strain than it was in the past. Until the country's balance of payments situation recovers Brazilian diplomacy will have to bend its efforts with increasing emphasis to ensuring that the financial support for its economy continues to come from the U.S. At the same time the Foreign Ministry will have an interest in seeing the idea of a general moratorium for big international debtors among the developing countries, or at least the formulation of new schemes for debt relief, prosper. Speaking in language which is acceptable to U.S. banking circles and effective at the North-South dialogue is likely to become an increasingly taxing test of nerve.

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BRAZIL VI

A number of foreign companies, including BP, are now starting to look for oil off Brazil's coast, although Petrobras, the State oil company, remains the guardian of the country's oil resources. To counteract the critical fuel shortage, attempts are also being made to develop production of alcohol as an additive.

The search for oil

PETROBRAS. The State oil company, promised to have its first contract with a foreign company for exploration in Brazil signed by the end of September, and made it with less than four hours to go.

British Petroleum is now due to start drilling by April next year, at its own expense—the first time since the war that foreign capital has been brought into Brazilian oil exploration (although Petrobras has hired drilling companies for its own work). BP has contracted to invest a minimum \$10.5m. in a 2,125 square mile offshore area, 100 miles from São Paulo's port of Santos, which many consider the most promising part of the continental shelf, herring those Petrobras is already developing.

The basic conditions are that BP will be repaid with interest if and when it finds oil, but that in any case it loses rights to the area after three years. A final contract has still to be signed with the subsidiary which BP is now setting up to run its Brazilian operation. Four other companies are due to follow: a Franco-Italian consortium of Elf-Aquitaine and Agip; Shell, in a combination of its Dutch and U.S. branches (to explore in the mouth of the Amazon); and the U.S. majors Exxon and Texaco.

The contracts have been a long time in preparation. President Geisel announced a year ago his decision to bring foreign companies in—at the same time insisting that this did not infringe Petrobras' role, hallowed in the Constitution, as guardian of Brazil's so far scanty oil resources. But the change had already been hanging fire since

not long after Gen. Geisel moved from the chairmanship of Petrobras to the presidency in March, 1974.

The problem was political and opposition to the new policy has only subsided because of a firm hand by the President. The man who succeeded him in Petrobras, Admiral Fairia Lima, was moved out a year later to take over the governorship of a reorganised State of Rio de Janeiro. He is said to have stood out in opposition to changing the nature of the monopoly.

When the Government, last October, was putting together a package of rescue measures for the balance of payments, two Cabinet Ministers—Sr. Severo Gomes, of Industry and Commerce; and Sr. Antônio Azeredo da Silveira, the Foreign Minister—had to be talked down by the President over the

new oil plan.

The controversy was kept within limits—by the censor's blue pencil and by a clamp-down on public meetings which followed soon afterwards.

Oil has been an emotional issue ever since Getúlio Vargas laid the basis of the monopoly in the early 1950s with the nationalistic slogan, "The Oil is Ours." But also involved, no doubt, were slighted feelings on the part of those responsible for Petrobras' own exploration efforts.

Tough

In this atmosphere it was inevitable that the draft contract should be tough and watertight in keeping Petrobras in charge of all oil production. Foreign companies would cede their areas in three annual stages, would have no rights to any gas they found, and would be subject to the same restrictions on repatriation of earnings as apply to foreign manufacturing companies. Probably, nobody on either side of the debate expected that foreign companies would be so easily put off.

Of the ten areas offered, several—including the central Amazon, the only onshore region—found no takers, and 35 out of 40 applicants dropped out. The companies left were the three that share the bulk of petrol distribution in Brazil with Petrobras—Shell, Exxon and Texaco—and the British and French, who are both interested at the same time in selling off-shore technology to Petrobras.

Brazil is almost certain to open up more areas for foreign companies once the present series of deals is concluded, and will possibly offer more attractive terms. The offshore area of Maranhão, at the eastern edge of the Amazon region, is one that has already been mentioned.

Petrobras will, however, keep the areas where it is sure of oil and has the equipment to drill for it. New offshore fields in the north-east of the country are now going on stream, and off Campos in Rio de Janeiro State, the company has what appears to be its biggest reserve. Although Petrobras has always expressed itself conservatively—in contrast to euphoric predictions by Government Ministers—wells in the region are expected to produce at least 200,000 barrels per day, more than Brazil's total output at present, in the next decade, and a figure of 1m. barrels is being mentioned privately by senior Petrobras officials. The first field, Garoupa, is scheduled to

produce 45,000 barrels per day next year. Oil has meanwhile been found off Amapá, in the far north of the country.

Together, these discoveries will mean that Brazil's proven reserves of around 800m. barrels—well below those of Mexico, Argentina, Colombia or Peru, not to mention Latin America's two OPEC members, Venezuela and Ecuador—will have to be considerably upgraded. Also important from the supply angle is a big find made recently by Petrobras overseas arm, Braspetro, in Iraq.

But Brazil's oil situation is still critical. Oil imports are not the sole reason for its current economic problems, but they are the most obvious factor. The country has spent more than \$3bn. a year for the past two years, and this is likely to reach close to \$4bn. this year, equivalent to about 40 per cent of its export earnings.

Despite the new wells in the north-east, local production has been on a slow decline. The oldest fields, in Bahia State, are drying up. Average output this year, projected at 179,500 barrels per day, will instead be

Brazil's coffee output was sharply reduced by last year's frost destruction, since when prices on the world market have risen steeply. To meet its supply commitments—and, it is widely alleged, to ensure that prices are kept artificially high—Brazil has been buying coffee from Angola and other countries.

Coffee comeback

WHEN THE news emerged in April that Brazil was shopping for coffee in Angola, it might have seemed a case of carrying coals to Newcastle. But for the Brazilian Government and coffee traders, not to mention coffee buyers all over the world, it was a shrewd move, the success of which may perhaps be judged by the U.S. Government's threat to leave the International Coffee Organisation if Brazil does not desert from its attempts to "artificially" raise the world price.

The story goes back to July, 1975 when killer frosts struck the country's major coffee-growing regions. Until that time the Government had been intent on reducing dependence on coffee exports, which in 1965, for ex-São Paulo's 800m. bushes, in ample, accounted for 44.3 per cent of the country's total ex-

ports; at the same time it also wished to promote exports of soluble coffee, a manufactured item. By 1975 the policy was proceeding fairly successfully: green coffee exports, at \$884.3m., represented only 10.9 per cent of total exports in 1974. And soluble coffee exports, which in 1985 had been negligible, had climbed to 37,000 metric tonnes worth \$116m.

Then the frosts struck. Almost overnight, the coffee plantations in Paraná and São Paulo were decimated, all 915m. of Paraná's bushes being damaged or destroyed as well as 528m. of exports, which in 1965, for ex-São Paulo's 800m. bushes, in ample, accounted for 44.3 per cent of the country's total ex-

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BRAZIL VII

Brazil's soyabean output has increased greatly during the past few years, and new crushing plants have been built to keep pace with this growth. Those who believe that this capacity will not be needed are countered by others who point to increased sales of soya oil and meal abroad.

A bigger crush for soyabeans

US SOYABEAN crop composition of Brazil's soya Anderson Clayton will be opening a new plant which will have a crushing capacity of 300,000 tonnes per year. Two of the big soya farmers' co-operatives, known as Fecotrigo and Cotrijul, will also be opening new plants, in the south of Brazil, each with an annual crushing capacity of 500-600,000 tonnes. This forms part of the new strategy adopted by the large Brazilian farmers to eliminate as far as possible the middleman role of the multinational grain companies. Sr. Rubem Ilgenfritz da Silva, president of Cotrijul, commented recently: "Brazilian meal is sold to European farming and cattle-raising co-operatives after passing through the speculators on the Chicago and Rotterdam markets. What we must do is cut out this unnecessary long way round and band over the product directly to the final consumer."

Traders Next year several new plants will come on stream. Continental, another of the global grain companies, which is already an active grain trader here, will be moving into crushing on a big scale. Its new plant, which will be opened in May or June, will eventually handle about 1m. tonnes of beans. In September

What has given the IBC its commanding position on the coffee market has been its stocks, 500,000 bags per month, and if the soluble coffee manufacturers maintain their monthly exports at 150,000-200,000 bags, Brazil's stocks by June, 1977 will be down to around 7m. bags—and that is not counting IBC sales to its foreign entrepôts or the requirements of soluble manufacturers for the domestic market. The 1977 crop, which will be gathered in mid-year, is presently estimated at some 14m. bags; even if this is not an over-estimate, it is clear that the stock situation next year will become extremely tight.

This is obviously an important reason why Brazil has been trying to buy up coffee abroad. The only definite success so far has been in El Salvador, which agreed to sell 366,000 bags of mild coffee in a deal worth \$100m. The beans will be processed into freeze-dried soluble and re-exported.

Such a move serves a double purpose—it takes the coffee off the world market, bringing an upward pressure to bear on prices; and it gives a big boost to Brazilian soluble manufacturers, who have traditionally faced hostility from their rivals in developed countries. An official of Interbras, the State trading company which negotiated the deal, commented that its worth to Brazil lay in sustaining world prices and in the added value of the subsequent re-exports would be \$200m.

Though the Angola deal fell through, others have been tentatively reported—168,000 bags from Malagasy Republic, and 1.5m. bags over the next three years from the Ivory Coast.

In terms of marketing, then, Brazil has certainly profited from coffee at this time of serious shortage, and it is presently working hard to consolidate itself as a major soluble exporter in years to come. But whether its success can continue depends on how quickly

BRAZIL'S SOYA EXPORTS (in metric tons)			
	Beans	Meal	Oil
1972	1.0m.	1.4m.	58,000
1973	1.2m.	1.5m.	30,500
1974	2.6m.	1.7m.	10,000
1975	3.3m.	3.0m.	250,000
1976*	4.0m.	4.0m.	400,000

the big few." Indeed, the small and medium-sized crushers, which are predominantly Brazilian-owned and much less sophisticated in their marketing operations, already cluster around the giants, selling them a large proportion of their oil production.

The country's crushing capacity is rising much more quickly than domestic consumption of soya oil, which is growing steadily at 12-15 per cent per annum. At present, the Brazilian market takes about 750,000 tonnes of crude degummed oil, which is about two-thirds of production. Some of this oil is refined for cooking purposes, but most is used in the manufacture of margarine. Despite the increased crushing capacity, there was a serious shortage of soya cooking oil on the domestic market at the end of last year. There are already signs that oil may be in short supply again

will be obligatory to add 5 per cent soya meal to bread. There are two objectives behind this new measure: first to save on wheat and thus to reduce costly imports; and, second, to increase the bread's protein content and thus help to reduce the country's serious problem of malnutrition. However, this new policy will not greatly affect Brazil's meal exports as, at most, it will involve 500,000 tonnes of meal.

Traders believe that, because of the increased crushing capacity, bean exports will fall, while foreign sales of oil and meal climb rapidly. Soya oil exports are already climbing quickly and should reach 400,000 tonnes this year. Next, Europe that needs to be satisfied. At present, Brazil sends most of its beans, but none of its meal, to Europe. It exports its meal to many parts of the world, particularly Europe, the Far East and the Communist bloc.

However, many crushers here believe that this view is unnecessarily pessimistic. They say that it is much too early to predict a fall-off in the increase in soya plantings. And they claim that the "non-traditional" markets such as the Far East and the Communist bloc, have a large potential demand for Brazilian oil and meal. These markets are already growing fast and, they maintain, will continue to do so in the foreseeable future.

BRAZIL'S COFFEE EXPORTS, JANUARY-SEPTEMBER, 1976				
Month	Green coffee \$m.	Soluble coffee \$m.	Total \$m.	Volume in 60 kg bags
January	72.9	11.7	84.6	918,000
February	84.3	12.1	96.4	879,000
March	85.2	15.0	100.2	867,000
April	86.3	19.8	106.1	886,000
May	97.8	19.7	117.5	919,000
June	287.9	13.3	301.2	2,137,000
July	139.5	19.2	158.7	1,055,000
August	126.8	21.3	148.1	886,000
September	136.5	15.1	151.6	951,000
Total	1,117.1	147.8	1,264.9	8,592,000

Source: IBC data and Press reports. Figures rounded.

the harvest climbs once more to the levels of old. The frosts have undoubtedly persuaded some farmers to diversify to crops like soya and wheat, though to what extent is as yet difficult to estimate. To counter this tendency, IBC is being invested this year in replanting and plantation improvements under the IBC Coffee Recovery Plan. Some 330m. new bushes will be planted, including 160m. in Paraiba, 80m. in São Paulo, and 50m. in Minas Gerais.

It is hoped that by 1979 production will once again stand at 25m. bags, but as no other country at present produces even 10m., Brazil has a good chance of maintaining its dominating position even if this target is not reached.

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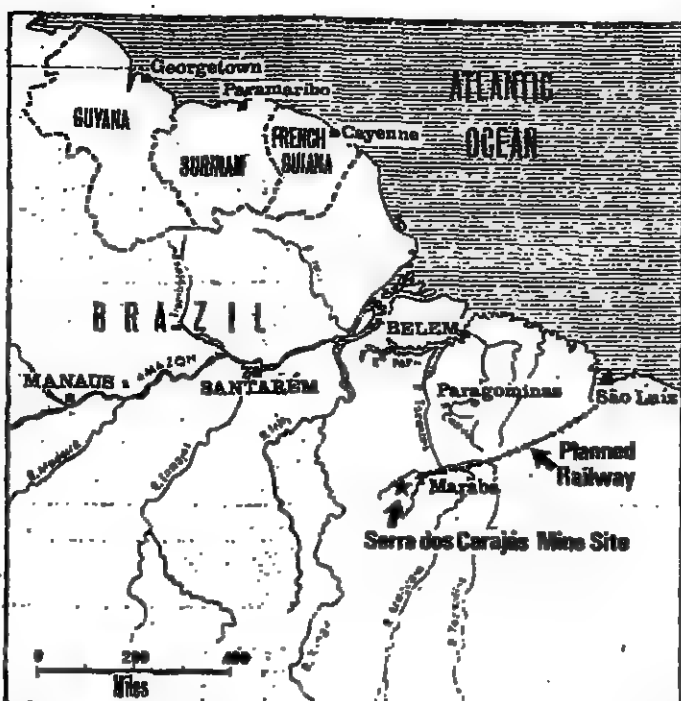
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BRAZIL IX

The prospector's dream of mountains of solid gold has almost happened in Brazil—except that the metal is iron, billions of tons of it. This find, plus large quantities of other valuable industrial minerals, in the remote Amazon region has opened up exciting prospects.

Minerals galore



SERRA dos Carajás lies in the eastern Amazon, one of the world's great natural wonders because of the beautiful combination of mountain and jungle, abundant plant and life, but because, standing 2,500 feet above sea level, you have your feet on a lump of iron.

Serra contains what is the world's largest reserve of iron ore, discovered by accident in 1967 by a team which had been out looking for minerals further along the River Xingu. The operation, a joint venture between U.S. Steel and a State-controlled Companhia Vale do Rio Doce, has the mountains contain 17.5bn. tonnes of ore, of which 15.7bn. are of the Fe content of 64 per cent. The remaining ore also contains considerable amounts of iron content between 55 and 64.

Things go well, the mine started operating in 1980 and is exporting 50m. a year five years from now. The first mine shaft to be opened, known as the 'Serra', will be able to supply the output for 50 years and it will be between 400 and 500 years before the mine runs out and the iron chain is fattened.

Problems

Things are not going very well and it looks as if the mine will fall further behind schedule — it was originally scheduled to start producing at a rate of 12m. tons in 1979. Problems are partly of a technical nature, partly of a financial nature, and partly of a political nature. The company runs two well-used DCs between Belém and the mine, and three helicopters.

The site has only just become accessible by land — by means of an 88-mile 'private' road through the jungle, linking with another minor road which is 71 miles from the nearest town, Marabá. Marabá is where Brazil nuts come from.

In order to transport the ore, AMZA plans to build a railway 580 miles long, to São Luís, capital of the neighbouring State of Maranhão, the nearest place it believes it can practicably establish a deep-water harbour.

Initially, a big steel mill was planned nearby, between Brazilian State interests and Japan's Nippon Steel, but the Japanese lost interest and the project has been shelved. Even so, with the new iron ore port, the sleepy colonial town of São Luís will not know what has hit it.

The railway has been a much debated subject. Many argued

that the ore could be sent more cheaply to Belém, by making the River Tocantins navigable to large vessels. But the railway is now definitely on, at an estimated cost of \$1.2bn. — the bridge over the River Tocantins alone will cost \$20m. It is the second attempt ever to build a railway in the Brazilian Amazon — the first having been made in 1912-17 in the far west of the country, giving Bolivia a trade link with the Amazon river network — and will be the only one in operation.

The mountains have also shown up reserves of manganese and bauxite, but AMZA is not planning to mine these at present. Manganese and bauxite are the two other minerals which already have abundant proven reserves in the eastern Amazon region.

The hope of hidden mineral wealth in the Amazon — which people have believed in for a long time on the basis of faith rather than evidence — is beginning to come true. This is particularly the case in the older geological structures lying either side of the river.

In the north the Trombetas River, a tributary of the Amazon, runs next to an estimated 500m-600m. tons of bauxite, which is already being developed by CVRD. Alcan and a group of other foreign companies. Rio Tinto Zinc holds a 5 per cent. stake in this mine, which is due to produce 3.35m. tons in three years' time and 10m. tons in 1985. Apart from supplying an export market, Alcan has reserved part of the output — the mine will supply a \$1.3bn. alumina and aluminium complex which Japan and Brazil have agreed to build 30 miles outside Belém — over 600 miles away.

Belém, or the delicious açai berry used by ice-cream vendors in Para State — are obviously exportable in raw or processed form. Instead, the middle-class of Manaus eats marmalade shipped in from England.

One of INPA's aims is to lay the basis of an agricultural and agro-industrial economy without disturbing the ecological balance of the region — in fact, by imitating the forest. It has found, for instance, that some plants in the forest serve to enrich the soil, by gathering from the air the nitrogen in which the soil is deficient. Three special forest reserves have been set up, one to be kept aside, untouched, the other two to experiment with plantation forestry.

So far, the only forest industries — rubber, cocoa, or guaraná (an Amazon fruit used to make a fizzy drink, greatly favoured by the Brazilians) — have been extractive, although here again Mr. Ludwig on his huge farm has broken new ground by planting gmelina trees from West Africa. Potentially, Brazil could easily dominate the market for tropical wood species.

But there is still a long way to go in all areas. The crop that has survived best, the tubular manioc root which in the form of flour forms part of the Brazilian staple diet, would probably not be considered as a cash crop, had not the Indians evolved ingenious methods of processing it into something non-poisonous (and once you are used to it) — manioc flour. The Indians, said Sr. von der Pahlen with a smile, "did a lot of research."

Trials are also being made with native fruits and other products, which are still largely unknown outside the Amazon. Setting up orchards of both mixed and separated species, INPA is trying to whittle down the risk of disease and make cultivation a practical venture. The Amazon has 135 different kinds of fruit, some of which — such as a cross between an apricot and a peach, which can be found in the market in

RTZ has another bauxite deposit near Paragominas, south of Belém, with reserves currently estimated at 100m. tons. The company will complete a feasibility study next year and is likely to go into another joint venture with CVRD to run the mine. From the Trombetas to the River Jari further to the east there are other bauxite reserves, which both Alcan and the U.S.-owned company Jari Florestal have shown an interest in exploiting, and there is more bauxite in Maranhão state.

Biggest

The biggest reserve of manganese is at Serra do Navio in the territory of Amapá, where Icomi, a joint venture between a Brazilian businessman, Sr. Azevedo Antunes, and Bethlehem Steel, is already geared to exporting 1m. tons annually. There are three other manganese deposits near Marabá, estimated at 10m. tons apiece.

As well as this, and apart from more iron ore, china clay has been found in large quantities both north and south of the mouth of the Amazon, diamonds and alluvial gold on the River Tapajós and in the territories of Roraima and Rondônia, and there are signs of copper, zinc and lead.

In Roraima, which probably counts as the remotest part of Brazil, there was excitement two years ago about a supposed

uranium find. But the area, known as Surucucu, has turned out to be full of cassiterite instead. Nonetheless, amateur prospectors have had their go as they have with gold and diamonds elsewhere — until this month, when the Government decided to close the Surucucu mines. There are problems with the local Indians, and the Indian authorities want the reserves to be exploited rationally by CVRD.

Big reserves of cassiterite also exist in Rondônia, where mining, done by hand until a short time ago, has now been mechanised. Output by the old method reached a summit of 4,700 metric tons in 1970, whereas this year's production, run by several companies including a subsidiary of the Canadian-owned Brascan group, is put at 7,000 tons. This is enough to satisfy all Brazil's internal demand, making about 4,900 tons of tin, 500 tons more than is needed.

There remain large areas where exploration has hardly begun. The first thorough maps are being drawn up by means of a painstaking aerial radar survey, which has now covered all the eastern part of the region. Within the next year, Brazil should have a clearer idea where the potential mineral areas are in the underpopulated and inaccessible western Amazon.

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D.W.

The Financial Times Monday October 25 1976

BRAZIL XI



Minister Paulo Nogueira Batista, president of Nuclebrás, with a model demonstrating "jet nozzle" uranium enrichment at a public exhibition of the nuclear power programme in Rio de Janeiro.

The sheer size of Brazil is a recurring problem in most of the country's development plans. So despite its wealth of indigenous fuels and hydroelectric potential, the country, because of transport and transmission difficulties, has launched a "crash" programme for nuclear power.

Nuclear power

LIAN officials believe Brazil originally expected the U.S. to be its partner in developing a major nuclear power programme with an independent nuclear operation of West German technology. At Angra dos Reis—about 200 km. down the coast from Rio, Westinghouse Electric is close to completing Brazil's first nuclear plant of 625 MW. It takes its official name from Admiral Alvaro Alberto, the country's first nuclear chief and visionary of a nuclear future for this vast country.

At Angra what is reputed to have been one of Brazil's most beautiful beaches has been scooped out to provide firm foundations for the first three nuclear plants. The first is scheduled to produce power in 1978, while foundations for the second (1,300MW) are being prepared, and the third will be started next year. By the mid-1980s over 3,000MW of nuclear electricity will be generated in this coastal hollow and will climb the densely forested surrounding mountains to feed the voracious industries inland.

Angra 2 and 3 reactors, although of the same basic type—pressurised water reactors—as the first, are being constructed by the West German group Kraftwerk Union. Enthusiastic though U.S. industry was to fulfil Brazil's aspirations, the U.S. Government would not countenance Brazil's requests not only for reactors but for technological assistance in building an independent nuclear fuel manufacturing and recycling industry. The request meant transferring so-called "sensitive technologies" such as uranium enrichment, which the U.S. Government had permitted to no other nation.

Brazil turned to Germany, with which it had strong industrial links—most major German manufacturing companies have Brazilian subsidiaries—and also an inter-governmental research and development exchange agreement. The Germans were only too ready to provide reactors. But as partners in the Anglo-German-Dutch enrichment project they were acutely aware of the political trouble it would cause if they offered Brazil gas centrifuge enrichment technology.

Instead they offered their own "back-up" technology, known as the nozzle or "stationary-wall" centrifuge enrichment process. In addition they undertook to help Brazil develop the technology for recycling spent nuclear fuels, including separation of plutonium.

At the end of 1974 the Brazilian Government set up Nuclebrás, a State-owned company with an authorised capital of \$100m, as its main agent of nuclear policy, with one of the country's best commercial minds at its helm in the shape of Mr. Nogueira Batista, its president. The National Nuclear Energy Commission (CNEN) was given the tasks not only of providing R and D support but of organising a major training programme and creating a licensing and safety authority.

Meetings

Last month the first shareholders' meetings were held in Rio at a series of five subsidiaries of Nuclebrás, jointly owned with German industry. These are Nucop, a consortium which includes RWU, UGIt and Voest-Alpine from Germany, and which plans to build a factory for major nuclear components such as pressure vessels, pressurisers and steam generators; Nucien, a design and construction group in which KWU has a 25 per cent. shareholding; Nuclei, the subsidiary which will build and operate an enrichment plant, of which the German groups STEAG and Interatom hold 25 per cent. apiece; Nustep, a development company equally owned by Nuclebrás and STEAG for the development of the nozzle process of enrichment; and Nuclam, a Brazilian uranium prospecting group owned 51 per cent. by Nuclebrás and 49 per cent. by Urangelschaft, the German nuclear fuel company. In addition Nuclebrás plans to build a wholly-owned factory for fabricating fuel, and a pilot reprocessing plant, both with German technical assistance.

Brazil's nuclear programme calls at present for eight large reactors of 1,300 MW gross output—a size already demonstrated in Germany—with the first ready in 1983. The foreign component of these eight is intended to fall from 70 per cent. for the first to only 30 per cent. for the last, to be ready by 1990.

radioactive fission products may be separated and put back to work usefully, so alleviating the waste disposal problem. Why not add them to plutonium, he asks, to prevent any possibility of making bombs from the by-product—just as an adulterant is added to methylated spirits to prevent its misuse?

Professor Carvalho's third big task is to set up a regulatory authority to license Brazil's new nuclear plants. The Germans, who have their own company for reactor safety in Cologne, have offered to advise and train nuclear inspectors for Brazil. But they are realistic enough to believe that Brazil may wish to call in a third country to advise here—just as Iran, to their chagrin, has commissioned the U.K. to help it set up a licensing authority and inspect its first German reactors.

David Fishlock
Science Editor

stances

It's foremost problem in respect is its vast land area, untapped hydro-electric potential and its fastest-growing centres in the South-East, on Rio de Janeiro and São Paulo. This area needs an annual 5,000 MW of electricity at present rates with transmission losses not to mention the task of spanning such areas with extra-high voltage transmission lines, preclude attempts to meet the demand for hydro resources.

For fossil fuels, although abundant their quality is low—the coal is high in sulphur content and the natural gas pockets are lean and red. An accelerated search for oil and natural gas is under way, but not of an order which any Government could guarantee. About 1,000 MW of plant is under construction in the south.

research

FINISHED FROM PREVIOUS PAGE

NA efforts have centred half of the region's rainfall is recycled within Amazonia—a fact which suggests that over-enthusiastic clearing of jungle could have a considerable effect on the microclimate of the region.

In contrast, in the arid north-east of Brazil, CENA scientists are studying the origin and movement of underground water. They have shown that in those aquifers where the water velocities are higher the water is of better quality and lower salinity.

At Piracicaba itself a project for eradicating pests in grain by radiation has reached a stage where CENA now has radiation dose data for all the major Brazilian grain insects. "We are therefore prepared," says Professor Cervellini, "for any possible future decision to go ahead with bulk grain storage and irradiation facilities." How important this conclusion promises to be for Brazil can be judged from Government expectations that a crop of cereals and oilseeds expected to total 46m. tons this year is forecast to reach 100m. tons within "a few years."

David Fishlock

Nuclebrás is shortly to start construction of its own technology centre near Santa Cruz, about 50 km. from Rio. By the end of 1978 the company expects to have in operation a campus which eventually will include a pilot uranium enrichment facility of the capacity to serve the Angra site (about 3,000MW), a pilot fuel fabrication facility, and a French Cobra research reactor for fast reactor physics.

Meanwhile CNEN, under its chairman, Professor Hervaldo de Carvalho, is charged with responsibility for a large training programme for nuclear station operators. The International Atomic Energy Agency has offered assistance on terms under which the UN would provide \$2m. towards a \$6m. project in which a new training centre equipped with a reactor simulator would be set up.

CNEN will also be laying foundations for one of the most controversial aspects of the Brazilian-German nuclear alliance—construction of a reprocessing plant. According to Professor Carvalho, however, the priority being placed on reprocessing is not very high. He believes that Brazil will be content simply to store spent fuel for many years to come. But at CNEN's laboratories there are plans to construct an experimental unit capable of handling a few kilograms of fuel, to explore the problems of processing highly irradiated fuel.

He believes that research may show how the long-lived



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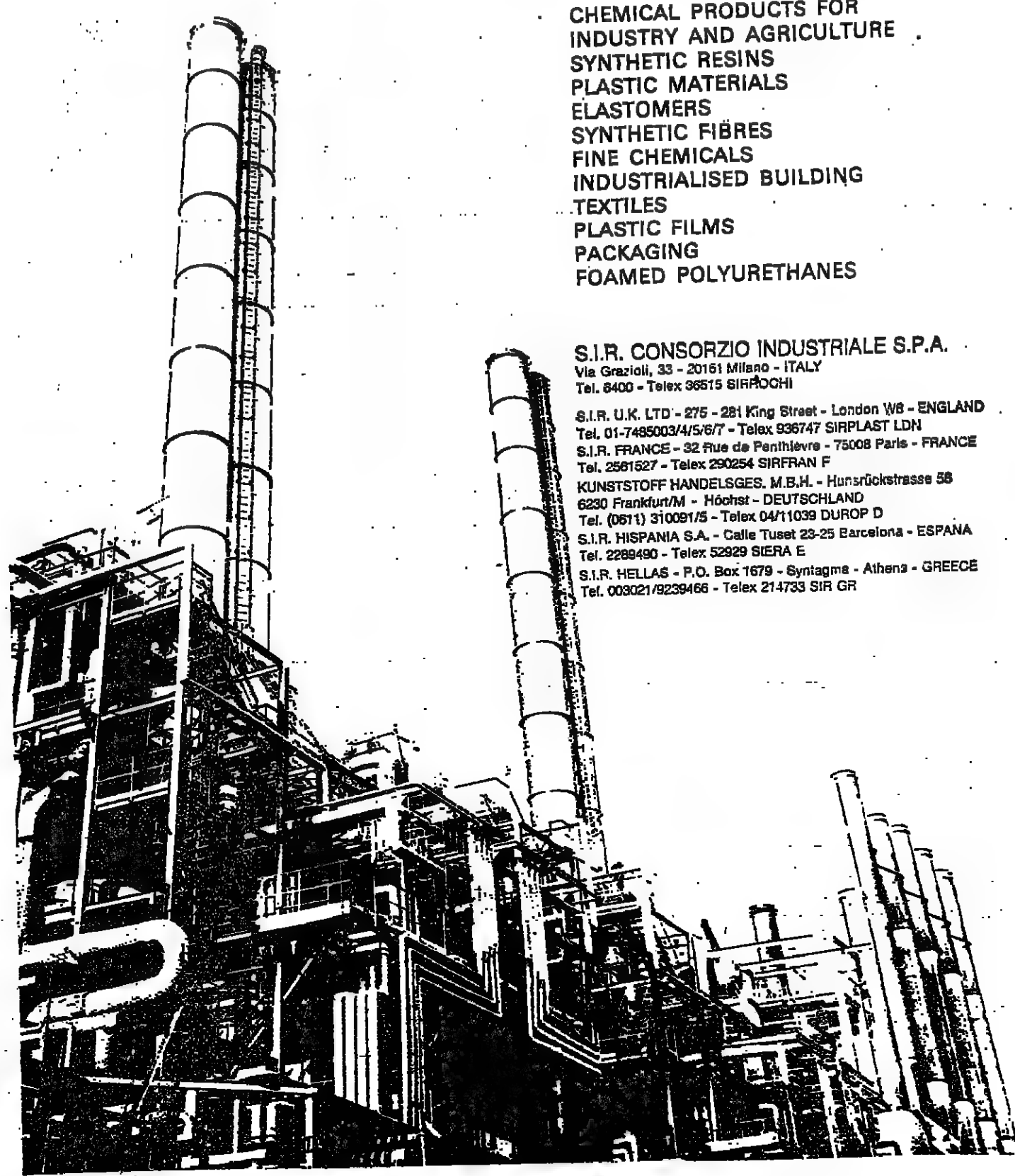
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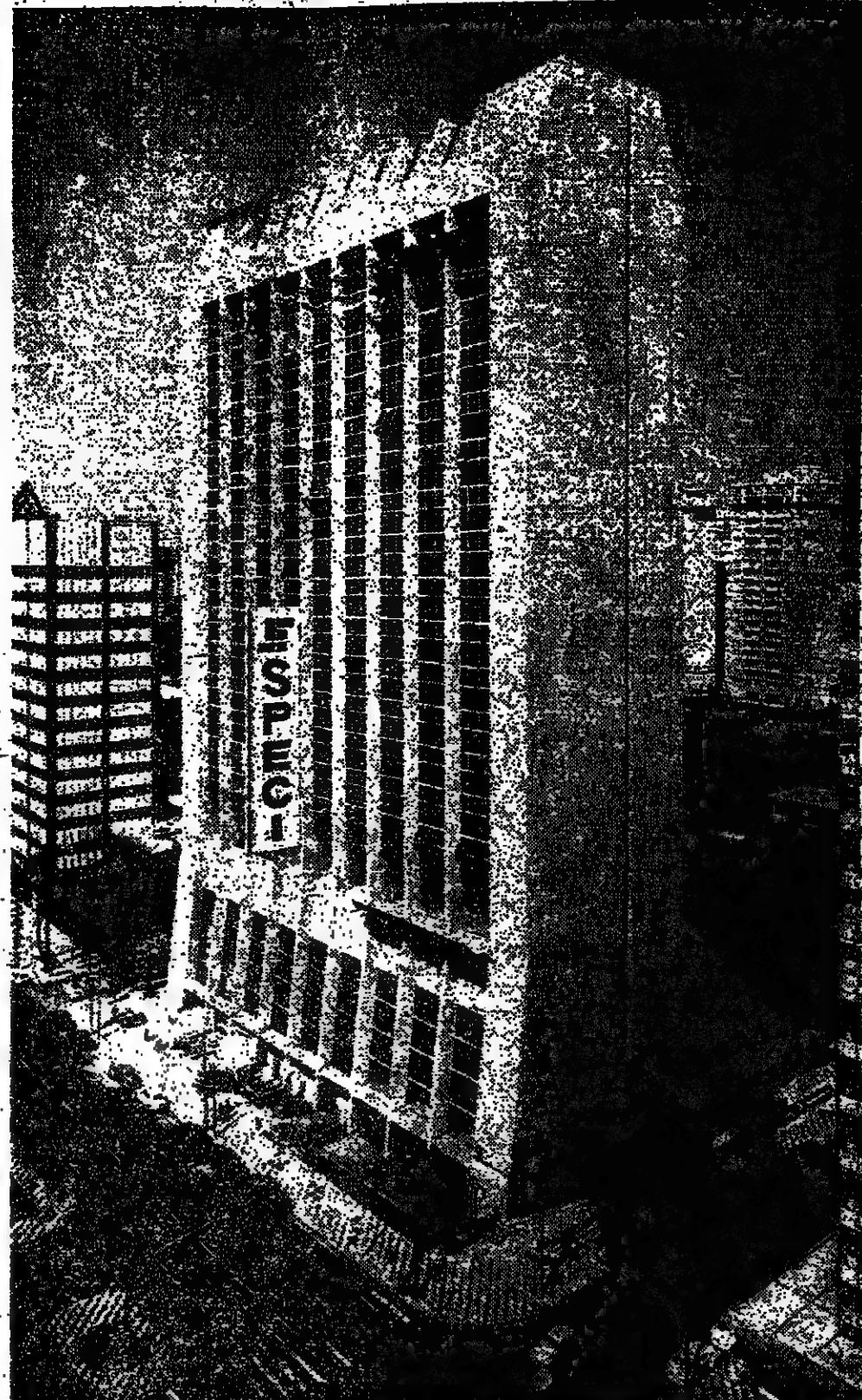
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BRAZIL XII



LEFT
A section of the new "immigrants' highway" between São Paulo and the port of Santos.



RIGHT
A modern office block in Avenida Brigadeiro Faria Lima, São Paulo.

There are two faces of São Paulo: the prosperous world of the businessman and the very rich, whose flamboyant life style is hardly matched anywhere in the world; and the miserable world of the squatters who live in settlements on the outskirts of the city.

São Paulo's contrasts

THE SAO PAULO that visiting businessmen know is a semi-tropical version of Chicago. All day long, with little respect for official rush-hours when traffic jams are to be expected, the streets are congested with buses, taxis and, increasingly, private cars. Amid the huge skyscrapers, the vehicles hoot and hustle each other. Experienced cab-drivers take advantage of any break in the congestion to whom their foot on the accelerator. Recklessly weaving in and out the traffic at frightening speed, they have been known to reduce self-possessed European businessmen to bags of nerves. These visitors will readily believe—as in fact, is the case—that São Paulo has the highest accident rate in the world.

Each year, the city is larger and more congested. The Minhocão (large worm), which is a long, snake-like fly-over that spans one of the city's dingiest quarters, was announced as the "solution" until the year 2,000 for traffic jams in that area. Now, six years after it was opened, long

queues form in the late afternoon as the cars "worm" their way out of the city (quite changing the original reason for the nick-name).

The city authorities plead: "Leave your car at home. Use public transport." In vain. Each year more people drive to work. In 1968, 28 per cent. of traffic was composed of private, passenger cars; now it is 34 per cent. According to Col. Erasmo Dias, State Secretary for Public Security, each day 300 new cars go on the streets in Greater São Paulo. "There is no way in which the authorities can keep on expanding and improving the road network fast enough to keep up," he added. In fact, the authorities' request is somewhat unreasonable. While the city's 8,000 single-decker buses are so crowded—at times holding as many as 130 people—many people will not co-operate. If you have got to face a two-hour traffic jam, you might as well sit comfortably in your own car. The city's 18 km metro line was opened last year. It already carries almost 600,000 pas-

sengers each day—but the jams continue above it.

But this is not the only São Paulo. In the outskirts of the city, about half a million people live in "favelas," squatting illegally on private and public land. Another 2m. live in precarious shacks that they have built themselves. Most do not have running water or sewerage.

Unoccupied

These unsalubrious dwellings stretch out for miles around the city. In what appears a strangely uneconomical use of the land, unoccupied areas are dotted between the settlements. But the explanation is quite rational: the landlords are doing this intentionally to increase their profits. By selling plots further out, they force the authorities eventually to asphalt the roads, lay on buses and provide electricity. This greatly increases the value of the intermediary plots. Another ploy is to sell the plots with very low payments for the first two years or so. Then, once the basic urban services

are provided, the owners raise the instalments and evict the dwellers for non-payment. This device is technically illegal, but unscrupulous landlords often take advantage of the poverty, fear and lack of education of the inhabitants, who know that they will face great problems in demanding their rights.

These people have been making desperate efforts to jump on the bandwagon of consumer society. Studies have shown that, despite the trend to work longer hours, the buying power of the average wage earned by São Paulo workers fell by 36 per cent. from 1958 to 1969. To make up for this, more women and children are out working. Nonetheless, the family income suffered a 9.4 per cent. decrease during the same period.

In spite of this, these people are buying more television sets, watches, electric cookers and even refrigerators (though some do not have anything to put into it). They generally buy these goods on hire purchase, which charges very high rates here, often as much as

80 per cent. per annum. They are able to do so only through severe economies in expenditure on food, hygiene articles and health. One clear indication of this is the upward trend in infant-mortality, which is closely associated with malnutrition. Now 95 babies die of every 1,000 live births during their first year of life; in 1961 it was 82.

The social elite form a contrast with these poor families. While many of the shanty-town dwellers earn \$50 a month, the city's bankers and executives earn 100 times as much. A few of this elite, particularly the sons of recently enriched families, delight in a flamboyant style of extravagant living that has few parallels elsewhere in the world. Perhaps the most extreme example occurred a few years ago in the Rua Augusta, São Paulo's most fashionable shopping centre. A young playboy was about to reverse his imported Mercedes-Benz into a tight parking space in the crowded street. In front of his eyes, another young man cheekily slotted his

Galaxie into the space, quipping "The world belongs to the smart set." The playboy did not hesitate. He rammed his Mercedes-Benz violently into the Galaxie several times, scratching out a miserable existence. "You're wrong. The world doesn't belong to the smart set, but to the very rich. I can buy a new car to-morrow. I'd like to see if you can."

Yet another São Paulo, and working on a day basis scarcely known at all, even by its

paulistans. Within the boundaries of the city itself live a group of about 80 Guarani Indians. Still speaking the original Indian language, they scratch out a miserable existence. "Without sufficient food to be able to farm, they survive by begging in the city centre, selling beads or palm-wooden toys, and the like."

Yet another São Paulo, and working on a day basis scarcely known at all, even by its

the children go to school in its life, they seem doomed to be absorbed into São Paulo at the lowest level, where their individual abilities. Bustling traffic, pollution, severely undernourished, ren, sophisticated night life, Indian beggars—all this exists in the confusion bedlam of Latin America's largest city.

Yet another São Paulo, and working on a day basis scarcely known at all, even by its

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مكتبة الجليل

With popular support waning as the economy declines, Mr. Cosgrave's coalition faces a constitutional imbroglio. Giles Merritt reports

Presidential blow for Dublin Government

CRISIS IS not a word likely to be found in Irish Premier Mr. Liam Cosgrave's dictionary of politics; his dour and undiplomatic style during three and a half years in office have made it plain he considers that reaction to trouble is usually over-reaction. Invariably he keeps his head down, and that so far has been his answer to the constitutional and political imbroglio arising from last Friday's shock resignation of President Cearbhall Ó Dálaigh.

Paradoxically, though, the Cosgrave Government's almost surly rejection of speculation that there will be an immediate general election has highlighted the seriousness of the Government's position. Until a few months ago, Mr. Cosgrave was known to be calmly planning to go to the country in the spring of 1977, probably at a moment when he could hope to secure a second term with an enhanced majority. To-day he dare not go to the polls.

Redrawings

Thanks to the inbuilt advantages of constituency boundary redrawings, or gerrymandering as the opposition Fianna Fáil party would have it, passed shortly after coming to power, the Fine Gael-Labour Party coalition Government would need to be fairly unpopular to lose. The boundary redrawings have been an important element in Mr. Cosgrave's strategy and it was widely believed no coincidence that Government thrift cancelled this year's scheduled census. No census=no recorded population shifts=no change in the currently advantageous voting set-up.

Apart from a 50-minute emergency session on Friday evening and an announcement

sorrowfully turns to selecting a suitable replacement.

Unfortunately for Mr. Cosgrave, it is not that simple and Dublin's newspapers are losing no time in explaining why. And even if it is the Government's well-tested technique to deny fuel to the media machine and watch it run out of steam, the betting is that the coalition Government will shortly be facing its first major political test since coming to power.

Issue

Mr. Ó Dálaigh was appointed to the job in December 1974 by an all-party agreement — even though he had once been a Fianna Fáil member — thus saving both the trouble and expense of a £250,000 national election. It is unlikely that his successor will go through on the same all-party nod. Candidates will therefore be put up, presumably by all three parties, although the coalition might agree a joint one, and between now and an as yet unknown date not later than December 21, the campaign circus will be on the road. In any other circumstances, the campaigning would probably be a pretty dull affair. But now there is a definite issue that already divides Government and Opposition and it is the very issue on which President Ó Dálaigh resigned.

The disagreement is over whether or not the Irish President is a rubber stamp, duty-bound to endorse the Government's action, or whether he is the guardian of the Republic's constitution and fully justified in acting to defend the right of the individual against all official infringements. The Government, partly because of Mr.



Presidential resignation: an opportunity for Mr. Lynch (left) and an end to the election plans of Mr. Cosgrave (right).

Cosgrave's loyal support for his leading Minister, and long-standing political associate, Mr. Donegan, and partly because its tough law-and-order character has gradually led it to believe that the end justifies the means, would, it appears, favour the former definition.

Fianna Fáil, perhaps out of conviction and perhaps out of political opportunism, has rallied to the latter view behind former President Mr. Ó Dálaigh has already stated that he will not stand for re-election, for that would directly challenge the Cosgrave Government and might precipitate a bitter constitutional showdown, but the growing suspicion in Ireland is that the electorate is increasingly siding with the conscientious and unassuming man who refused to become a puppet Head of State.

For President Ó Dálaigh first triggered off the chain of events leading to his resignation in mid-September, when he decided that the anti-terrorism Emergency Powers Bill should be referred to the Supreme Court for constitutional testing. The Bill, along with its sister Criminal Law Bill, had been drafted by the Government as a direct reaction to the late-July assassination of Britain's ambassador to Ireland, Mr. Christopher Ewart-Biggs.

In order to safeguard against possible breaches of the constitution over civil liberties — and the Emergency Powers Bill was in fact flagrantly unconstitutional with its section allowing the police to hold suspects for seven days — the Government conceived the device of passing a new State of Emergency. Repealing the technical emergency clause that has existed in Ireland since 1933, it declared a success-

ful that alluded specifically to "armed conflict" rather than war. In the interests of "public safety" therefore, the two security Bills were passed through the Dáil while shielded from constitutional query by the State of Emergency.

Mr. Ó Dálaigh had been somewhat wary of the Criminal Law Bill, but with the slight amendments that had followed an outcry over its infringement of Press freedoms, decided to sign it into law. The Emergency Powers Bill, on the other hand, so clearly offended the spirit and the letter of the constitution that he referred it to the Supreme Court in order to set a ruling on whether the State of Emergency device was acceptable.

It was, and just 10 days ago the President signed the second security law up to the Statute Book. The Irish President was until 1973 Chief Justice, and president of the Supreme Court and an eminent jurist once described as having risen "in the ranks of the bewigged with bewildering speed." As soon as the Bill was vetted and passed the matter would have been closed, for Mr. Ó Dálaigh saw himself as a watchdog of existing liberties, not the champion of additional ones.

But the Government had been smarting, not just against the one month's delay the President had caused its legislation but at what it privately considered to be unwarranted interference. There are now suggestions, from the local newspaper reporter in rural Mullingar, who witnessed Mr. Donegan's speech at an Army barracks there, that the slight may not have been as spontaneous as was at first thought. In any event, it accurately reflected the views of the

security hardliners in the Cabinet.

To the Government the incident must have appeared unfortunate and the issue crude. But its refusal to treat the slight as a grave slur on presidential authority, and sacrifice Mr. Donegan, caused the President to dig in his heels. Were Mr. Cosgrave's Government to be riding high at present, the matter would still be relatively unimportant. Unfortunately, the Irish economy is not merely bogged down but visibly sinking, and with it popular support. From Brussels has come the leaked information that an EEC survey to be published shortly puts unemployment at 18 per cent, rather than the 12.1 per cent of the latest official figures here. Inflation at 16 per cent a year is a percentage point higher than in the U.K.

Strategies

The Government is working hard at negotiating a 1977 pay pause with unions and management to alleviate the situation, but on the longer-term strategies that must be implemented at once to cope with Ireland's dangerous population explosion there has been little sense of urgency. For the average man in the polling booth life-to-day costs almost 30 per cent more than a year ago, according to a recent survey; and even if he still has his job the future looks more grim than ever.

Economic hardships might seem unconnected with the abstruse question of the President's role, but an election is an election. That is to assume that no unforeseen deal is made between Opposition and Government to agree a joint candidate.

but it seems inconceivable that Fianna Fáil leader Mr. Jack Lynch would let such a heaven-sent opportunity slip through his hands. So far, the Cosgrave administration has successfully fended off all Fianna Fáil attempts to engineer any crisis issue that would divide the country, and that has led to very lacklustre Opposition.

Although Mr. Cosgrave's five-year term of office does not require him to call a general election until early 1982, the coming spring has been widely held throughout this year to be the point at which he will attempt to establish the personal record he is known deeply to cherish. The distinction of being the first Irish coalition Premier to secure a second term. Whether he will stick by that and allow the Opposition to treat the presidential election as a general election dry run that will put increased pressure on the Government remains to be seen.

There are, in fact, much wider implications in the President's resignation and its possible aftermath. There is now the fear that a hotly fought presidential election, in which the candidates are active party notables, could change the nature of the office itself. President Ó Dálaigh has demonstrated that he was not a cypher, but he did insist last Friday night that he was "above politics." If prominent party politicians are to be elected to future Ireland might begin to dream the same nightmares that dreamt of State being at political infighting with its Government, and the semi-analysis of the legislative machine.

Letters to the Editor

Unit Trust charges

From The Chairman, Chieftain Trust Managers

Sir—Mr. Lawson (October 20) makes an excellent point in his reference to the fact that the income from Gilts held by a unit trust, it seems quite absurd that a Government which wishes to raise money by the sale of Gilts should close the door on such an obvious outlet. There is little doubt that if the taxation were changed there would be a considerable market for a Gilt unit trust, but at present such a vehicle would find difficulty in offering unitholders much more than 8 per cent gross against the 12 to 15 per cent that conventional high income unit trusts are offering.

In his argument for higher charges for unit trusts, however, Mr. Lawson's case is far weaker. In the 1960s unit trusts were aggressively marketed as a vehicle to keep up with inflation. Indeed, some publicity even went as far as describing them as a means of beating inflation. Now, the annual service charge (0.375 per cent in the case of Chieftain) is based upon the value of funds under management. If the unit price keeps up with inflation, by definition so does the annual service charge. I am not in favour of screaming for the rules of the game to be changed simply because we are losing at the moment.

Furthermore, the annual service charge cannot be regarded in isolation. As Mr. Lawson knows, except in the case of the very large groups, active unit trust management companies obtain a significant proportion of their revenue from the initial management charge, currently set at a maximum of 5 per cent. If this were increased significantly the spread between the bid and offer prices of units would also rise, possibly leading to a reduction in the attractiveness of unit trusts and, consequently, to an overall decline in sales and hence revenue.

Nevertheless, there is one point which I believe has never been given prominence. When unit trust managers pay commission to intermediaries (stockbrokers, etc.), it is subject to VAT which is unavoidable. Thus the advent of VAT has reduced the margin between our gross initial charge and the effective commission which we could not have been conceived when unit trust charges were first decided, and it is an anomaly which should be rectified.

Peter L. Fottis, 30-31, Queen Street, E.C.4.

Modernise or demolish?

From Mr. R. Oakeshott

Sir—As an owner-occupier of a cottage in Rutland Street, Sunderland, I would like to add a qualification to Michael Cassell's excellent article of October 12. It concerns the matter of "no firm guidelines" where there is an argument of modernisation versus demolition. The Department of the Environment's circular No. 65 of 1969 is precise and unambiguous.

Briefly, the guidance in that circular is set out in the form of a tabulated matrix. One axis of that matrix tabulates the alternative possible life expectancy of potentially modernisable homes—from 15 years in ascending steps to 40 years—against an assumed 160 year life of a new home. Along the other axis, against a theoretical 100 per cent quality for the new home, is tabulated the notional percentage quality which the

modernisable home would enjoy, once improved. The guidance figures in the matrix tell you what percentage of the cost of a new house it is legitimate to incur in modernising an old one—for alternative mixes of life expectancy and quality. If, for example, the notional quality of the modernised house is taken to be 80 per cent of the cost of a new building, at the other end of the scale if you expect that the modernised house will be only 50 per cent as good as the new one and if you expect that its life expectancy will be no more than 15 years, then the guidance of the circular is equally clear: you would be getting value for money if you spent, even with these dismal perspectives, up to 35 per cent of the cost of building the new house on modernising the old. More over these guidance figures are explicitly based on an interest rate of 8 per cent. If re-written for the world of the 15 per cent bank rate they would produce equally sharp guidelines still more favourable—in fact almost twice as favourable—to the modernisation alternative.

We used these guidelines at the enquiry. The council defended its position by—surprisingly—claiming that in reaching a value-for-money decision it was correct to exclude from the relevant cost of new building all expense incurred "outside the curtilage wall," that is up to a third or more of normal new building costs.

Are we not entitled to be agast when the professional economists of the DoE—who must presumably have been consulted—lead their support to such a doctrine? And is it not disingenuous to argue that we are dealing here with any area lacking in "firm guidelines"? What could be firmer than the DoE's own in circular 65 of 1969?

Robert Oakeshott, 139, Rutland Street, Sunderland.

The lack of engineers

From Mr. T. Kirk.

Sir—In his long awaited speech on education Mr. Callaghan dealt with a problem which seems very fashionable at the moment—the shortage of good, qualified engineers available for recruitment into industry. On the same day Hugh Scanlon was launching a series of fellowships for the Engineering Industry Training Board aimed at improving the supply of inadequate and untrained people in manufacturing industry.

Both the TUC and the CBI are engaged in programmes to improve the image of industry in schools and colleges. Clearly a problem exists and the measures so far suggested attack the symptoms rather than the root cause.

Courses in science and engineering are unfashionable in schools and colleges not because of inadequate and unimproved teaching but because the career prospects for scientists and engineers in industry are so abysmal. A survey published earlier this year, carried out among qualified engineers of various disciplines by their respective institutes, showed an average salary level of between £4,000 and £5,000 for graduate engineers of all ages. As a research engineer in a large aerospace company I, along with hundreds like me, have little prospect of ever reaching a

salary in excess of £5,000 unless I prove to be an exceptionally brilliant engineer or I leave engineering and go into management or administration. Compare this with the recently published survey of salaries for lawyers in industry where average salaries were over £5,000 before the age of 30 and still rising. Or administrative Civil Service where the average graduate should be aiming for £10,000 by the age of 45. Not surprisingly the advice from technologists in industry to those contemplating joining is too often "Don't."

Most technologists are employed in productive industries and therefore their salaries are dictated to a large extent by the competitiveness of their products in world markets. This together with the fact that many technologists still have misguided ideas about being productive and useful members of society and are therefore reluctant to take industrial action means that the problem will continue as long as Government (national and local) and service industries continue handing out money to anyone who is prepared to strike rather than to those who are not.

However many changes are made in teaching science and engineering in schools and colleges this country will continue to get the scientists and engineers that it pays for in industry.

Snobbish and arrogant

From the Head of Music, Huddersfield Polytechnic

Sir—The letter from Mr. Headlam (October 18) brings up a number of issues. It is not only the snobbish status-consciousness displayed by teachers which exacerbates the situation but also the arrogance of engineers who believe that they are the nation's only producers and that only technologists produce wealth.

The purpose of building a bridge is so that people can get to the other side. The 180m. (or whatever) for the Sydney Opera House—think of all that employment for architects, sculptors, engineers, artists, etc.—could only have arisen because of people's desire to listen to opera. The purpose of a fridge is to preserve food (not for thousands of years we have known how to bottle it, dry it, sugar it, salt it and smoke it without using a fridge). The hi-fi, gramophone, transistor radio and TV industries exist only because people wish to listen to music, musicians serve the public here and so does the electronics industry. But which is more "wealth producing" the musician or the electronics engineer? In the arts scene who paints and sells a picture "producing" less than the arts student who designs a carpet? What is the purpose of both articles? At least one doesn't normally put one's muddy feet on the picture. Mr. Picasso left about £800m. was his effort less or more "wealth producing" than the manufacturer and supplier of his brushes, canvases and paints?

If we produce more engineers where are they going to find jobs? In "transit" Chrysler, BMC, SSC, BAC, Rolls-Royce, UGS, to name a few. The engineer is an important member of our society, but so are many other professions. The singer is as much part of the wealth producing economy as the

business consultant, the painter, the textile designer, the clarinetist as the clarinet maker. Engineering never produced the end of anything—only the means to an end. Both are important, but let the engineer not forget those who offer him a living.

It may well be that the country at present needs more technologists; but it also needs philosophers and behavioural scientists to persuade technologists that they must invent new and humane ways of asking men and women to work a living. Only when work in industry is more attractive (and I'm not talking about wages) will young people offer themselves willingly.

P. G. Forbes, The Polytechnic, Huddersfield.

The Australian and politics

From Mr. Bruce Rothwell

Sir—With reference to the article (October 23) on The Ups and Downs of The Australian by Kenneth Randall, a former staff member of The Australian, may I as the paper's recent editor in chief make the following points. There was nothing "extraordinary" about the performance of The Australian in last year's election, although it would certainly be fair to say that the situation which prevailed in Australia was "extraordinary."

The newspaper had revealed that the then Prime Minister Mr. Whitlam, and two Ministers whom he was obliged to dismiss for their part in the affair, had secretly and possibly in violation of the constitution entered into negotiations with a money broker for a \$A50m. loan. It has never been stated what these funds were to be used for—the popular assumption was to buy back the mineral operations from multinational firms, but one prominent Labour lawyer associated with the then Labour Attorney-General publicly suggested it might be to enable Labour to govern without supply. In the event, and without a legal challenge with Supply deferred (as is specifically allowed by the Constitution) Mr. Whitlam did indeed seek to govern without Parliamentary approval of the money supply by summoning the banks to Canberra for discussions aimed at securing loans. Two days later his commission was withdrawn.

The editorial position taken by The Australian and the election campaign was overwhelmingly endorsed by the election result. In the 1972 election The Australian gave its full support to Mr. Whitlam. This policy was enthusiastically endorsed by the staff, many of whom had strong personal ties with Mr. Whitlam and the Labour Party. They were, therefore, naturally disappointed when the paper did not support Mr. Whitlam in 1973. This feeling was the more so when early this year The Australian revealed that Mr. Whitlam had been involved in secret negotiations with the banks for a loan to pay Labour's election campaign debts—an enterprise which led to Mr. Whitlam being condemned by his own party, although he retained the leadership.

Mr. Randall describes me as "of the London Daily Mail." I was indeed its deputy editor, having come to it from the now defunct Liberal News Chronicle. I was sent to Australia in 1970 by Mr. Murdoch to start the country's first quality newspaper, the Sunday Australian. Bruce Rothwell, 6/6, Rossmore Street, E.C.4.

To-day's Events

Arab League summit meeting, Cairo.
SEC Agriculture Ministers meet, Luxembourg.
European Parliament begins three-day sitting on Community budget, Luxembourg.
Labour Party-TUC Liaison Committee meets.
Scottish TUC one-day conference on unemployment, Glasgow.
Prime Minister opens Post Office Engineering Union offices, Brunswick Road, W.B.
TUC Finance and General Purposes Committee meets.
Mr. Eric Varley, Industry Secretary, speaks in Worthington by-election campaign, Civic Hall, Maryport.

London Liberal Party rally, Caxton Hall, S.W.1.
Nominations close for Walsall North, Worthington, and Newcastle Central by-elections.
Road Haulage Association annual conference opens, Eastbourne.
Lord Mayor of London attends Shipwrights' Company dinner, Mansion House, E.C.4.
PARLIAMENTARY BUSINESS
House of Commons: Retirement of Teachers (Scotland) Bill, and Valuation and Rating (Exempted Classes) (Scotland) Bill, second readings.
Motions on Safety

House of Lords: Education Bill, report stage; Industrial Common Ownership Bill, third reading; Supplementary Benefit (Amendment) Bill and Aircraft and Shipbuilding Industries Bill, committee.
OFFICIAL STATISTICS
Construction new orders (August).
COMPANY RESULTS
Highland Distilleries (full year), Paterson, Zochonis and Co. (full year).
COMPANY MEETINGS
See Week's Financial Diary on Page 34.

OPERA
Royal Opera production of Macbeth, Covent Garden, W.C.2, 7.30 p.m.
MUSIC
Jeremy Brown gives piano recital of music by Chopin, St. Lawrence Jewry, next Guildhall, E.C.2, 1 p.m.
Chris Barber's Jazz Band, Kenny Ball and his Jazzmen, and Dave Morgan's Jazz Band, Royal Albert Hall, S.W.7, 7.30 p.m.
SPORT
Soccer: Scottish League Cup semi-final, Celtic v. Hearts, Hampden, 7.45 p.m.; Torquay tournament, Bournemouth v. Gloucester, 7.45 p.m.; World Sports Club, W.I.

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21st October, 1975

U.S.\$35,000,000

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Hambros Bank

The Industrial Bank of Japan (Luxembourg) S.A.

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Kuhn, Loeb & Co. Asia

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The National Bank of Kuwait S.A.E.

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Sal. Oppenheim Jr. & Co.

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Société Générale de Banque S.A.

Swiss Bank Corporation (Overseas)

Union de Banques Arabes et Françaises-I.B.A.F.

Warburg Paribas Becker Inc.

Julius Baer International

Limited

Bank of Tokyo (Switzerland) Ltd.

Banque Française de Dépôts et de Titres

Banque Internationale à Luxembourg S.A.

Banque de Paris et des Pays-Bas

Bayerische Vereinsbank

Chase Manhattan

County Bank

Den norske Creditbank

First Boston (Europe)

Hessische Landesbank-Girozentrale

Lehman Brothers

Morgan Grenfell & Co.

New Japan Securities Co.

Nomura Europe N.V.

Osaka Securities Co.

Rothschild Bank AG

Salomon Brothers International

Smith Barney, Harris Upham & Co.

Société Séquanaise de Banque

Sparkassenbank

Tokyo Finance (Asia)

Trade Development Bank Overseas Inc.

Union Bank of Switzerland (Securities)

Westdeutsche Landesbank Girozentrale

Yamichi International (Nederland) N.V.

Amsterdam-Rotterdam Bank N.V.

Banca Commerciale Italiana

Bank Mees & Hope NV

Banque Bruxelles Lambert S.A.

Banque Européenne de Tokyo

Banque Générale du Luxembourg S.A.

Banque Nationale de Paris

Banque de l'Union Européenne

Bergens Bank

Berliner Handels- und Frankfurter Bank

Compagnie Financière Internationale S.p.A.

Crédit du Nord

Dresdner Bank

Drexel Burnham & Co.

Effectenbank-Warburg

First Chicago

Goldman Sachs International Corp.

Hill Samuel & Co.

IBJ International

IBJ Finance

Better trend Coates Bros dividends

Financial Times Monday October 25 1976

Table with 4 columns: Company, Dividend, Yield, and Notes. Includes entries for Coates Bros, various international companies, and a list of stocks.

Works Loan Board rates

Table with 4 columns: Rate, Term, and Notes. Shows various loan rates and terms.

SECOND CITY

Table with 4 columns: Stock, Price, and Notes. Lists various stocks and their prices.

Banking and Finance

Text discussing banking and finance, mentioning the Bank of England and various financial institutions.

RECENT ISSUES

Table with 4 columns: Issue, Price, and Notes. Lists recent issues and their prices.

FIXED INTEREST STOCKS

Table with 4 columns: Stock, Price, and Notes. Lists fixed interest stocks and their prices.

"RIGHTS" OFFERS

Table with 4 columns: Offer, Price, and Notes. Lists rights offers and their prices.

Additional text at the bottom left, including a small advertisement for '3 Progress'.

INTERNATIONAL COMPANIES NEWS

Suez sees profits rise

By DAVID CURRY

COMPAGNIE FINANCIERE de Suez, the important French banking and industrial holding company, is expecting a 10 per cent advance in profits this year over 1975. The company's profits are expected to rise to 1,300 million francs (1975: 1,100 million francs) against 1,100 million francs in 1975. The company's profits are expected to rise to 1,300 million francs (1975: 1,100 million francs) against 1,100 million francs in 1975.

Heineken investment

By MICHAEL VAN OS

AMSTERDAM, Oct. 22. HEINEKEN announced over the weekend that it has decided to build a new distillery and a grain alcohol plant at Zoetermeer, north of Rotterdam. The total investment will be 150 million guilders. The plant will become operative within 18 months. The company's profits are expected to rise to 1,300 million francs (1975: 1,100 million francs) against 1,100 million francs in 1975.

Singapore bond issues move

By H. F. LEE

SINGAPORE, Oct. 24. THE MONETARY authority of Singapore (MAS) has added two recent bond issues—the development bank of Singapore (DBS) and the Republic of Singapore (ROS) to its list of prescribed external bonds. The MAS has never officially stated the criteria for qualification as prescribed external bonds, but the seven bonds so far designated as such are those guaranteed by the Singapore government or majority Singapore government-owned corporations.

Money and Exchanges

Thursday's very large help was all by way of bill purchases. The scale of help on Friday was small, by purchases of Treasury bills and local authority bills. At Friday's Treasury bill tender the average rate of discount rose by 0.1344 per cent to 14.4165 per cent. The Bank of England's Minimum Lending Rate was unchanged at 10 per cent. The local authority loan rates increased in line with other money market interest rates. One-year local authority bonds were placed at par with a coupon of 14 1/2 per cent to offer a yield of 14 1/2 per cent, lower than the previous week's batch.

FOREIGN EXCHANGES

Table with 4 columns: Country, Rate, and Notes. Lists foreign exchange rates for various countries.

EURO-CURRENCY INTEREST RATES

Table with 4 columns: Currency, Rate, and Notes. Lists euro-currency interest rates for various currencies.

EXCHANGE CROSS-RATES

Table with 4 columns: Currency, Rate, and Notes. Lists exchange cross-rates for various currencies.

Additional text at the bottom of the international companies news section.

MINING NOTEBOOK

Another 'problem' for Selection Trust?

By LODESTAR

BULL POINT or bear point? That is the burning share market question that is now posed for the Selection Trust. The trust's share price has been falling since the end of the boom days. The trust's share price has been falling since the end of the boom days. The trust's share price has been falling since the end of the boom days.

Laughing at Agnew

How the Canadian uranium mining industry must be laughing at the Agnew report. The report is a disaster for the industry. The report is a disaster for the industry. The report is a disaster for the industry.

Lord Erroll's quiz

On Thursday Lord Erroll, the new chairman of Consolidated Gold Fields, will be giving his first Press briefing on the subject of the 1976-77 annual report which is due to be published on Saturday. It should be an extremely interesting occasion in the light of the adjustments being made in the group's activities in Australia and South Africa.

Insurance

Text discussing insurance, mentioning various insurance companies and their services.

American legal problems

Text discussing American legal problems, mentioning various legal issues and their implications.

Charterhouse group posts

Text discussing the Charterhouse group, mentioning its activities and financial performance.

APPOINTMENTS

Text discussing appointments, mentioning various appointments and their significance.

Additional text at the bottom of the mining notebook section.

Where British protection is welcome

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE CENTURY-OLD dispute between Britain and Guatemala about who should have sovereignty over Belize, formerly British Honduras, looks like coming to a head shortly. The territory, a 175-mile strip on the Caribbean first settled in the 17th century by British traders dealing in logwood and, later, mahogany, has been claimed by Guatemala on the grounds that it inherited rights to Belize from the Spanish empire.

Britain rejects that argument and is now seeking to withdraw from the country, giving independence to the 130,000 Belizeans, a people of mixed race, and to their elected Government led by Premier George Price and his People's United Party. Though he wants independence, Mr. Price is unwilling to accept it unless he has guarantees against an invasion from Guatemala, whose population is nearly 40 times as big as that of Belize.

Britain is unwilling to give a potentially onerous and costly guarantee to so a distant a territory after independence. The 300 members of the Belize volunteer guard would not be enough on their own to ensure the territory's safety in the event of an all-out Guatemalan effort.

The position is complicated by the fact that Washington has wanted Britain to stay in Belize as a guarantee that Cuban



Guatemala proposes that Belize shall become independent on condition that it cedes all its territory south of 16 1/2 degrees N.

influence will not be extended to the Central American mainland. Guatemala, from whose territory part of the Bay of Pigs invasion forces departed for Cuba, and the right-wing government of General Kjell Laugerud is also anxious not to have Cuban influence in Belize.

Thus for years Belize has remained in a political limbo, wanting independence, yet feeling unable to take it. But in the past year there have been signs that the political deadlock has been breaking up. In December of last year, as a result of strong

lobbying by Britain, the Belizeans, the Commonwealth Caribbean countries, and other Commonwealth powers, the UN General Assembly voted overwhelmingly to support Belize's right to independence. That was a crushing diplomatic defeat for the Laugerud Government. Premier Price, a very moderate social democrat, who has dominated Belizean politics for more than two decades, followed up the UN vote with a strong plea to the non-aligned countries at the Colombo Summit in August. Once again he was successful. Guatemala, whose delegate was initially not even allowed to land in Sri Lanka, was disappointed. Support for Belize has snowballed in Latin America, whose governments had traditionally supported Guatemala's partners in the Central American Common Market, most notably El Salvador and Costa Rica, have been veering towards support for Belize.

In the past few months there have been discussions among British, Belizean, and Guatemalan representatives at New Orleans and Panama which Britain and Belize say arise from the UN vote and which Guatemala says are just talks. The last round ended in Panama City last month. It included discussions about what is tantamount to a draft treaty to settle

the question once and for all. The Guatemalans proposed that Belize should indeed be independent but on the condition that it ceded all territory south of the 16 degrees 30 minutes line—about a quarter of the country's area. The British and Belizeans suggested facilities to give Guatemala access to the Caribbean through Belize and guarantees that countries such as Cuba would gain no undue influence.

Though little progress was reported, it was agreed to meet again within a few weeks. Meanwhile the diplomatic struggle to make friends and influence people continues at the UN.

Britain is making clear to Washington that it is determined to withdraw from Belize at the first opportune moment, and that the U.S. must resign itself to finding ways to keep Cuban influence at bay other than the use of British troops. Washington, Whitehall argues, should use its influence with the Laugerud Government with which it is closely associated, to make Guatemala see reason on the Belize question.

With the cards stacked ever more heavily against Guatemala, the possibility is that nationalist extremists among the military and civilian politicians may try to take the matter into their own hands and stage some sort of coup *de main* against Belize.



Premier Price of Belize.

Guatemala has never been better armed.

Israel which with U.S. cooperation has been strengthening its links with various military regimes in the continent, most notably in Ecuador, has been supplying Guatemala with aircraft suitable to carry troops and drop paratroops. The U.S. military mission is strong in Guatemala and U.S. Rangers

have trained the Guatemalan troops to a high level of efficiency.

Belize is defended by a small force of British troops, currently a battalion of the Queen's Own Highlanders with light armour, and a number of Harrier jump jets. This force might not be sufficient to check an all-out Guatemalan attack without reinforcement. The Belize issue is among the most sensitive in Guatemalan politics. The territory is mentioned in the Guatemalan constitution as an integral part of Guatemala. Foreign maps not so showing it are apt to be confiscated, and seats in the Guatemalan congress are reserved for representatives of the "23rd department".

The question is how far General Laugerud will go to check the more extreme elements among his supporters who want to go to war for the territory.

There is no quarter in Belize from which Guatemala could expect help. General Laugerud's decision to inaugurate a powerful new transmitter, Radio Mopan, the voice of liberty, to begin over Belize will not alter that. But the Guatemalans cannot be seen to be giving up yet. The process of persuading them to do so may still be long and ticklish.

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Entertainment Guide

OPERA & BALLET

COLISEUM 01-336 3761
English National Opera
Tonight & Fri. 7.30 Cavalier Rurik
Sat. 7.30 Don Giovanni
Thurs. 7.30 Don Giovanni

COVENT GARDEN 240 1086
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

SADLER'S WELLS 705 9000
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

ALBERT HALL 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

ARTS THEATRE 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

CONWAY 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

ENTERTAINMENT 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

JUDY PARRITT 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

CRITERION 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

DRURY LANE 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

ASTON VILLAGE 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
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DOCKLANDS 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
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DUKE OF YORK 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
Sat. 7.30 The Royal Opera
Thurs. & Fri. 7.30 The Royal Opera
Mon. Sat. 7.30 The Royal Opera
Wed. 7.30 The Royal Opera

THEATRES

THEATRE ROYAL 01-336 3761
English National Opera
Tonight & Fri. 7.30 Macbeth
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Thurs. & Fri. 7.30 The Royal Opera
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PRINCE OF WALES 01-336 3761
English National Opera
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TO HOLDERS OF WARRANTS TO BE GEDULD BEARER

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FT SURVEY OF CONSUMER CONFIDENCE

Back to lowest 'in recent years'

BY DONALD MACLEAN

JBLIC CONFIDENCE in the national outlook has fallen back to the lowest levels "seen in recent years," according to the British Market Research Bureau. The bureau's latest survey, for the week to October 6, shows a sharp decline in confidence—with those expecting conditions to worsen outweighing those expecting an improvement by 32 per cent. of the sample of 981. This accelerates the trend seen in earlier months. In July, the similar margin was 1 per cent, but by September it had reached 18 per cent.

There has been a particular swing towards expecting conditions to worsen among salaried and professional men. In September, ABCI men (non-manual) were taking a

slightly more optimistic view than adults as a whole, with a net 18 per cent. looking for a deterioration. But the October survey shows a rise in the figure to 39 per cent.

The period in which the latest survey was taken covers the last part of the Labour Party conference and the earlier part of the Conservative conference, and per cent. of the sample of 981.

A major reason for taking a pessimistic view was inflation, with the CDE class (manual) gloomier on this account than the ABCI.

There was also greater concern on the question of unemployment in the lower paid (but more heavily represented) category, but the white collar class attached greater

importance to the part being played by the Government, and to the question of trade union action.

The six-month moving average of future confidence shows overall a preponderance of 11.2 per cent. expecting a worsening, against 3.2 per cent. in September, continuing the upward trend which started in August.

But there is a sharper loss of confidence shown among ABCI men. In that group a balance of 2 per cent. was looking for improvement in July while a 5.9 per cent. balance was looking for worsening in September.

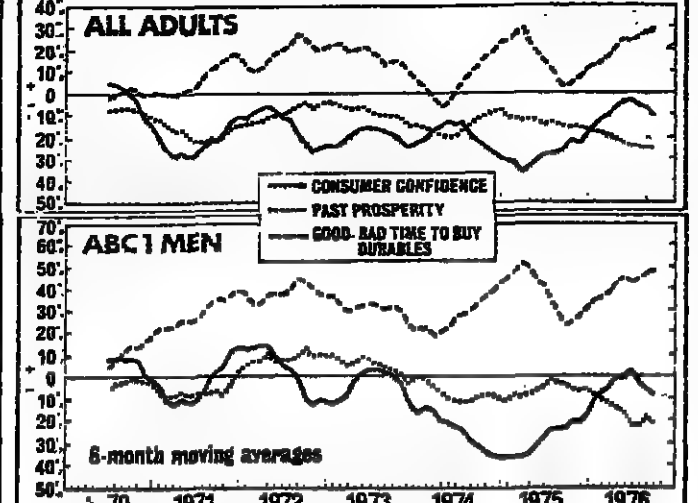
Some 73 per cent. of those who thought it a good time to buy said this was "because prices were bound to rise."

Associated with the fall in confidence in the financial outlook is an increase in the proportion of those believing it to be a good time to buy to a net 32 per cent. of the sample, compared with September's 28 per cent.

Some 73 per cent. of those who thought it a good time to buy said this was "because prices were bound to rise."

Broken down by social category in order of degree of expectation that conditions will

worsen, there was a 39 per cent. margin of pessimism in the ABCI men group (against 16 per cent. in September), a 32 per cent. (36 per cent.) in the CDE women, 34 per cent. (18 per cent.) in the ABCI men, and 29 per cent. (14 per cent.) in CDE men.



FT GROCERY INDEX

Meat prices cause biggest rise

BY DONALD MACLEAN

THE FINANCIAL TIMES Grocery Prices Index again rose sharply this month, by 0.94 points, to 237.28 or 3 per cent., meat prices accounting for almost half the rise.

The increase follows one of 4.1 per cent. in September, when beef meat was also the leading factor. The rise then was less steep than this month's.

Potatoes, which had earlier tended to dominate the index over the past year or so, played a substantial part in the rise, as did higher prices for bread, tea and coffee.

The overall bill for the 11 Financial Times shoppers in various parts of the country rose by £20.49 to £701.27 in the four weeks to last Tuesday.

All ten categories into which the basket is divided showed a gain on the month. Although the meat section was the most substantial element in the overall rise in absolute terms, going up 29.81, or 6 per cent., the sugar-tea-coffee-soft drinks sector showed the sharpest gain, with a rise of 23.85, or 7.5 per cent.

The bill for bread and allied goods increased by 23.54, or 3.6 per cent., while the relatively small category of preserves and dry groceries showed an increase of £1.09, or 4.4 per cent.

The rise in meat prices has caused substantial concern in the retail butchering trade. Beef prices have trended upwards, as have lamb, while bacon also gained on balance.

FINANCIAL TIMES SHOPPING BASKET	
	October 1976
Dairy Produce	170.31
Sugar, Tea, Coffee, Soft Drinks	56.89
Bread, Flour, Cereals	73.29
Preserves and Dry Groceries	25.58
Sauces and Pickles	12.91
Canned goods	42.22
Frozen Foods	37.38
Meat, Bacon, etc. (fresh)	174.97
Fruit and Vegetables	108.05
Non-Foods	49.67
Total	701.27

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.24.	1976: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.24; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.18; Nov. 114.48; Dec. 114.49; Jan. 114.49; Feb. 114.49; Mar. 114.49; April 114.72; May 114.72; June 114.72; July 114.72; Aug. 114.72; Sept. 114.72; Oct. 114.72; Nov. 114.72; Dec. 114.72.
1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.24; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.18; Nov. 114.48; Dec. 114.49; Jan. 114.49; Feb. 114.49; Mar. 114.49; April 114.72; May 114.72; June 114.72; July 114.72; Aug. 114.72; Sept. 114.72; Oct. 114.72; Nov. 114.72; Dec. 114.72.	1977: Jan. 117.54; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 128.81; July 127.44; Aug. 126.59; Sept. 129.39; Oct. 133.83; Nov. 135.83; Dec. 138.26.
1973: Jan. 141.41; Feb. 141.52; Mar. 142.66; April 143.23; May 143.29; June 142.64; July 145.17; Aug. 147.97; Sept. 146.22; Oct. 145.25; Nov. 147.41; Dec. 150.51; Jan. 154.39; Feb. 159.15; Mar. 162.84; April 167.77; May 172.50; June 178.39; July 183.41; Aug. 189.52; Sept. 188.48; Oct. 189.23; Nov. 194.78; Dec. 201.90.	1978: Jan. 208.33; Feb. 211.81; Mar. 216.60; April 222.43; May 226.78; June 222.82; July 216.71; Aug. 221.34; Sept. 220.34; Oct. 237.28.

MAN IN THE NEWS: IAN CLARK

BY RAY PERMAN

A match for the oil giants

MR. IAN CLARK left Shetland at the weekend after eight years as a local government official in one of the smallest and the most remote authorities in Britain. Next month he joins the British National Oil Corporation as an executive director, having already made a national, even international reputation in the oil industry.

Mr. Clark's remarkable grip on the pace of oil development has become a byword with the same bewildering speed that the industry itself has grown. He is widely regarded as the David who faced down the oil Goliaths, yet his new job will be to draw the National Oil Corporation closer to the Phillips, the Esso, the Shell, the British Petroleum.

All indications are that he will start the job with the considerable boost of having won the respect of the top management of the companies who have had to deal with him. He may have been shrewd and uncompromising in negotiation, but he was also straight and honest.

It is probably too soon to judge the effect Mr. Clark has had on oil development objectively but may be seen eventually as less sensational and less disruptive, and more founded on common sense and consensus than has been made out so far.

His two main achievements have been in containing development to one site—the Sullom Voe oil terminal—when, as one oil company executive put it, "there was a risk of development breaking out in Shetland like measles, and ensuring that some of the profits stayed in the community to offset the damage and provide for the time when the oil boom is finished."

In comparison with the £400m. cost of the oil terminal, and the price of the 1m. barrels of crude that will pass through it daily, the expense of caring for Shetland will be negligible and possibly less than the savings from 30 companies sharing the same plant.

When the then 29-year-old finance officer arrived in Lerwick from the Borders in 1968 it was with an ambitious eye towards local government reorganisation. Events have opened wider doors now: "I suppose that the last few years in Shetland have opened my eyes to some potential in myself that I had not realised existed," he says.

"I am attracted to the challenges of EXOC. In the national context it is in the same position as Shetland was four years ago: we knew there were fantastic possibilities ahead, but the interests of the tiny community of hard work and initiative."

Exciting things were happening in the bleak collection of islands when Mr. Clark landed himself and the 22-man council, know them in full.



Mr. Ian Clark

which by sharing the same hard work and interests could decide policy more quickly and more easily than larger authorities. Because the council staff was small, the chief executive had to take most of the work on himself and had to master every aspect of it.

It was a relationship closer to that of managing director and Board than to the usual municipal arrangement. That was one of the keys to Mr. Clark's strong position in bargaining with the oil companies. Another was the certainty he felt that it would be better for the islands' future if oil passed them by.

The extraordinary trust the council gave to an outsider is shown by the handing of the agreement giving Shetland compensation for the disturbances and in effect a share of the oil revenues. On Mr. Clark's initiative the council agreed to keep the details he negotiated secret, so that only he, one other official and a handful of councillors, know them in full.

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Incorporated in the Republic of South Africa

DECLARATION OF SPECIAL FURTHER INTERIM DIVIDEND

In terms of the Scheme of Arrangement approved by members on 7th October, 1976, and sanctioned by the Supreme Court of South Africa (Witwatersrand Local Division) on 12th October, 1976, a special further interim dividend No. 124 of 2.5 cents per share has been declared payable to "scheme members" who are registered as shareholders in the books of the Company at the close of business on 22nd October, 1976, or are holders of bearer warrants presenting coupon No. 124.

The dividend is declared in South African currency. The payment from the London Transfer Office will be made in United Kingdom currency and the rate of exchange at which South African currency will be converted into United Kingdom currency will be R143.9955 = £100.

Dividend warrants will be posted from the Registered Office and the London Transfer Office on or about 11th November, 1976.

The dividend is payable subject to conditions which can be inspected at the Registered Office or at the London Transfer Office of the Company.

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER ('GEDULD BEARERS')

Scheme of Arrangement

On 10th September 1976 notice was given of a Scheme of Arrangement (the 'scheme') between Geduld Investments Limited ('Geduld') and its members and of the scheme meetings and a general meeting to be held on 7th October 1976.

These meetings were duly held and the necessary resolutions were passed by the required majorities of members. Subsequently the scheme was sanctioned by the Supreme Court of South Africa (Witwatersrand Local Division) and it became operative on 22nd October 1976.

The listings of Geduld shares on the Johannesburg Stock Exchange, the Stock Exchange, London, the Rhodesian Stock Exchange and the Paris Bourse, terminated with effect from the close of business on 22nd October 1976.

THE EXISTING GEDULD BEARERS ARE NO LONGER GOOD FOR DELIVERY AND CAN ONLY BE SURRENDERED IN ORDER TO RECEIVE THE CONSIDERATION TO BE GIVEN IN TERMS OF THE SCHEME.

Holders of Geduld bearers should arrange for their warrants to be lodged as soon as possible at any of the addresses listed below, together with talons No. 7 and unused coupons Nos. 125-130 inclusive.

London at the office of Union Corporation (U.K.) Limited, the London Secretaries (entrance for callers: 3rd floor, 8 Basinghall Street, London EC3V 7BS)

Paris Lloyds Bank International (France) Limited, 43 Boulevard des Capucines, Boite Postale No. 75-02 Paris 2e or Banque de l'Indochine et de l'Extrême Orient, 98 Boulevard Haussmann, Paris 8e

Switzerland Swiss Credit Bank, Paradeplatz 8, Zurich or Swiss Bank Corporation, Aeschenvorstadt, Basel.

Holders of Geduld bearers may elect to receive share warrants to bearer in Union Corporation Limited ('Unicorp bearers'). If they do so elect, the new Unicorp bearers will be available for collection from the agents at which the relative Geduld bearers were lodged 28 days after lodging.

Holders of Geduld bearers in denominations of two shares of R1 each (originally one share of £1) who wish to receive their entitlement to Unicorp shares in the form of Unicorp bearers of twenty shares of 8.25 cents each should arrange for their Geduld warrants, together with talons No. 7 and unused coupons Nos. 125-130 inclusive to be lodged in multiples of ten together with a consolidation request. The relative Unicorp bearers will be available for collection 28 days after lodging.

Holders of Geduld bearers who wish to receive registered shares in Unicorp should complete reconversion forms, copies of which are available from the London Secretaries. Share certificates in Unicorp will be available 28 days after receipt by the London Secretaries of the necessary documents.

PAYMENT OF COUPON No. 124

Holders of Share Warrants to Bearer are informed that payment of Dividend No. 124 will be in United Kingdom currency on and after 19th November 1976, after surrender of Coupon No. 124 as follows:—

	Per R1 Share	Pence
Dividend declared in South African currency, 2.5 cents, equivalent in United Kingdom currency to	1.79887	
South African Non-Resident Shareholders' Tax at 15%	0.26984	
United Kingdom Income Tax at 20% (See Note on the Gross amount of the dividend)	0.34740	
Net amount	1.12903	

Lodging forms may be obtained and coupons lodged as follows:—

London at the office of the London Secretaries (entrance for callers: 3rd floor, 8 Basinghall Street, London EC3V 7BS)

Paris Lloyds Bank International (France) Limited or Banque de l'Indochine et de l'Extrême Orient

Switzerland Swiss Credit Bank Zurich or Swiss Bank Corporation, Aeschenvorstadt, Basel.

Coupons lodged at the London Secretaries' Office must be left four clear business days for examination and may be deposited on or after 1st November 1976, between the hours of 11 a.m. and 3 p.m. (Saturdays excepted).

Coupons lodged in London accompanied by United Kingdom Inland Revenue Declaration, will be paid at 1.12903p per share. Other coupons, if lodged, will be payable at the rate of 1.47643p per share.

NOTE Under the double tax agreement between the United Kingdom and the Republic of South Africa the South African tax applicable to this payment is allowable as a credit against the United Kingdom tax payable in respect thereof. The deduction of tax at the reduced rate of 20% instead of at the standard rate of 35% represents an allowance of credit of 15% the rate of overseas taxation applicable.

per pro. UNION CORPORATION (U.K.) LIMITED

London Transfer Office: London Secretaries Granby House, 95 Southwark Street, London SE1 0JA

22nd October, 1976

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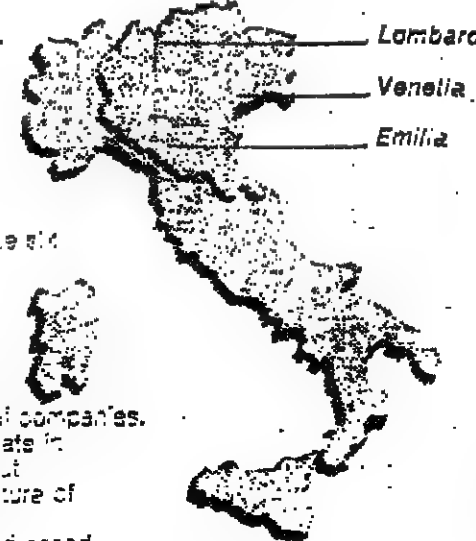
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FINANCIAL TIMES REPORT

Monday October 25 1976

The National Theatre

The formal opening to-day

Britain's National Theatre marks the fruition of an idea first mooted well over a century ago. Housing three theatres in one, the building is a landmark on London's South Bank.

than the old one, and the present Queen Elizabeth the Queen Mother laid a foundation-stone there in 1951, the year of the Festival of Britain. Sir Carl's £70,000 was still in the bank, but it was realised as soon as the project was revived that at post-war prices it would not go far. In 1962, Parliament voted that £1m. should be made available, to be provided not at once, but at the decision of the Chancellor of the Exchequer of the day. Work began in November, 1969.

A National Theatre company had been formed six years before that, however. It was established in 1963 and played at the Old Vic, widely recognised as the most appropriate place (though Dame Lillian Baylis would probably have had a fit at the sight of all those dinner-jackets in her house, with seats at West End prices). Its first director was Sir Laurence Olivier (now Lord Olivier), who the previous year had had the opportunity to build up a suitable company at the Chichester Festival Theatre.

Ideal

The site that was ultimately found for the National, downstream from Waterloo Bridge, is well-nigh ideal. Sir Denys Lasdun, whose firm designed the building, enthused about its qualities in a television interview earlier this year.

"It's a marvellous bend that goes through 90 degrees, and there's the river, and Westminster Abbey is there. Then you have Westminster Bridge, Hungerford Bridge, Waterloo Bridge, Blackfriars Bridge, St. Paul's, Somerset House. And just in the restaurant here the position of the theatre and these terraces which step down to the river command views—not all at once—right round from St. Paul's to Westminster Abbey. I mean, it's probably, I would say, the most beautiful site in London."

Inside Sir Denys's great concrete shell is not one theatre but three. The biggest of them is the Olivier Theatre, an open-stage auditorium with 1,160 seats. It is a lofty hall shaped in plan like a quadrant; at its focus is a drum revolving at the centre of the stage, and beneath it is a complex of machinery which (when it begins to function) will enable quick scene changes to be made. The second major theatre in the building is the Lyttelton, seating 590, a conventional proscenium theatre with provision for an orchestra pit. The third theatre is the Cottesloe, a small rectangular room in which the seating can be adjusted to suit the requirements of whatever experimental work is to be played there. Its maximum capacity will be about 400.

It is proposed that the National Theatre will use the Olivier as its principal show-place, and that the Lyttelton will be shared with visiting companies from the regions and from abroad. The Cottesloe will also be available to visiting "fringe" companies, besides giving room for experimental work to be undertaken by the National company. (The Cottesloe was not included in the original design, but the space was there, under the Olivier, and something had to be done with it. Lasdun describes it as "two galleries on three sides and a sort of bear pit of a floor.")

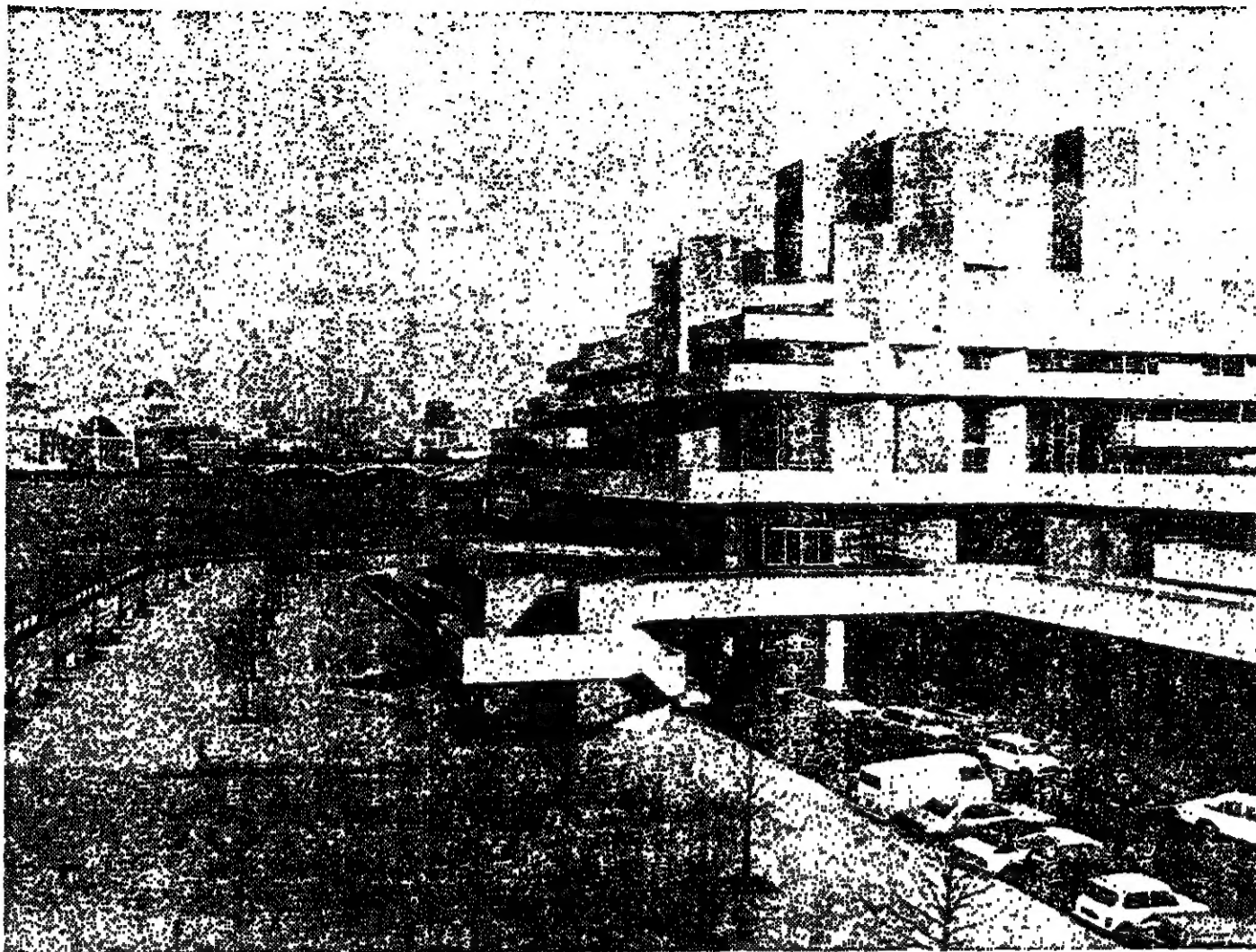
The "front of house" amenities are exceptionally good. There are adequate bars and buffets; the cloakroom is free—an important facility as it happens, for if you put your coat under your seat you will be interfering with the air-conditioning process; above all, there are those magnificent views from the terraces. "The front of house of both theatres," their architect has commented, "is really a viewing platform for the whole of the city of London."

Criticism has been made of the lack of amenities for people in invalid chairs; but the criticism does not survive examination; patrons unable to cope with the plethora of stairs can be wafted to the required level by lift and need only ask the attendants how to get there. Criticism has also been levelled at the use of concrete for the building. Sir Denys Lasdun counters that criticism simply; the building as he designed it could only be made in concrete. The great cantilevers could not be done in steel or in stone. A mere modest suggestion that the outside of the building should be stone-faced is met with the argument that concrete is itself a handsome material in the right context.

"I think it is a very beautiful material," Sir Denys says. "If it is used in the way that its own nature intends it to be used. The building is, I think, a very interesting form. It is asymmetrical, dynamic, sculptural—it is a sort of sculptural form that you can only do with reinforced concrete."

How will it look in 20 years' time? "Well, it's going to weather," Sir Denys forecasts. "It's going to streak and the streaks will have white patches which I think are absolutely beautiful. I want it to weather so that in the end lichen grows on it and it becomes part of the riverscape."

The theatre and part of its sweeping riverside vista.



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It's time to bury past — Spain's Deputy Premier

BY ROGER MATTHEWS

MADRID, Oct. 24. A STATEMENT issued here this week-end recognises that many of Spain's problems are the direct inheritance of the Franco era and promises talks with anyone with whom a dialogue is possible.

The statement made by Lt. Gen. Gutiérrez Mellado, Spanish Deputy Premier, in an interview with the national news agency was remarkable almost as much for its style as for its content.

It confirms that Gen. Mellado, who only took office a month ago, is one of the more liberal elements in the armed forces and Government.

His words contrast sharply with recent attitudes taken by other senior military officers and Gen. Gutiérrez Mellado stressed that disciplinary procedures announced against the former Deputy Premier, Lt. Gen. de Santiago, and Lt. Gen. Inés Cane, former head of the Guardia Civil, were going ahead.

Civil War

While stating he was not going to ask anyone's pardon for the military victory in the Civil War, Gen. Gutiérrez Mellado said that this did not mean "that our then opponents who fought cleanly on the battlefields in defence of their ideas, do not also merit our understanding and our respect."

There should be respect for the personal memory of Gen. Franco, but this did not rule out constructive criticism of the defects of the past administration.

Many of the problems now facing the Government, some inherited from a very long time ago, and their origins in serious initial errors.

It would be suicidal to start again from zero by throwing overboard everything valuable that had been achieved.

Dialogue

Although it was not easy to heal the wounds of the Civil War, Spain had now to look to fresh horizons with the army at the service of all citizens — not of any groups however large they may be.

"It does not matter to me if I am described as a liberal if that means that I can admit that I am not always right, I want to talk to everyone who is capable of dialogue and I do not want any more fratricidal fights."

Extremist minorities were particularly warned against taking actions designed to obstruct political progress and attempting to turn funerals into demonstrations.

On Saturday, more than 200 extreme Right-wingers shouted abuse at Government Ministers as they left a Madrid church after the funeral service for a former speaker of the Cortes.

Freedom

An eleventh-hour meeting of six Left-wing and centrist groupings finally agreed yesterday on a common platform for negotiations with the regime.

The terms set include freedom for all political parties, a new wide-based Government leading to election of a constituent assembly, a total amnesty for political prisoners, full rights of assembly, demonstrations and strikes, and the abolition of all the laws and institutions of the Franco era.

The manifesto, which was signed by an extensive range of national and regional parties, emphasises again the gulf that exists between the opposition and the Government, in spite of the rather more sympathetic approach of the deputy Prime Minister.

The President's staff have prepared a "democratic bill" in the ten biggest States which Mr. Ford knows he must carry if he is to win the election.

He will be campaigning in all of them in the next week and in parts of the South where the Ford staff claim Mr. Carter's southern base is eroding.

Meanwhile, Mr. Carter was at home in Georgia encouraged by the result of Friday's televised debate with Mr. Ford, which appears to have been a narrow victory for himself, and by two New York polls which give him a commanding 9 per cent lead in the State.

This morning, the New York Times also endorsed him, praising his "humanitarian and socially oriented and essentially liberal approach to most of the important questions of domestic and foreign policy."

MPs to question public spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ALL-PARTY Commons Expenditure Committee is to question the Treasury this week on two new memoranda it has prepared on the planning and control of public spending, and on the treatment of debt interest.

Mr. Leo Pliatzky, the Second Permanent Secretary in charge of the public sector side, is to appear as the main Treasury witness on Wednesday afternoon. There is likely to be particular interest in his views since it will be the first time he has appeared before the Committee for several years and hence also the first time since he took on his present job.

The main Paper is likely to cover the marked change of emphasis in the last two years in the Treasury's thinking on and approach to the control of expenditure which has not yet been publicly set out.

Mr. Michael English, the Labour MP for Nottingham West and chairman of the general sub-committee of the Expenditure Committee, has confirmed that the Treasury had also submitted proposals on the format of the annual Public Expenditure White Paper, covering the treat-

ment both of nationalised industries and debt interest.

Consultation with the sub-committee on this topic was fore-shadowed by Mr. Denis Healey, the Chancellor, in his July economic statement.

The main proposed change would be to exclude from the published total of public expenditure that part of nationalised industries' capital investment coming from internally generated funds, thus including only actual borrowing from Central Government via the National Loans Fund or from the market, such as from abroad under the exchange cover scheme.

It has not yet, however, taken up-and has only promised further study on a suggestion that revenue projections should be included alongside spending forecasts in the White Paper.

Apart from these presentational matters, the presence of Mr. Pliatzky and the preparation of the paper on planning and control could clearly raise wider topics.

At the time of the public spending statement in July, senior officials were stressing how money controls had been strengthened, as shown by a drop in the public sector borrowing from about 60 per cent to 55 per cent.

While this is apparently only a presentational change, it ties in with the Chancellor's stated desire to bring the published format in the U.K., both on this topic and on public sector borrowing as a whole, more into line with the practice of other countries.

The effect of these changes in format might be to reduce the published share of public spending in Gross Domestic Product at a stroke from about 60 per cent to 55 per cent.

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The Treasury has been consulting the sub-committee to an increasing extent in the last few years — about what should be included in the annual White Paper after various recommendations in the sub-committee's reports.

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Clash likely over Lords

By Richard Evans, Lobby Editor

THE GOVERNMENT is to prepare this week for a confrontation with the Lords in an attempt to ensure that five important Bills reach the Statute Book by the end of the session.

In spite of an increasingly violent war of words, accompanied by threats to abolish the Upper House, all the indications point now being lashed round the economy is such that it will be extremely embarrassing to the Government if the stock market continues to rise in long bond yields is to depress other markets — like the equity market — and channel the resources of the investment institutions into gilt-edged.

And if the banks try to honour more than a small proportion of the commitments they have entered into with industry the authorities will have to act swiftly to stop any such trend — either directly through ceilings or "corsets," or indirectly through still further rises in the cost of credit.

The rise of some £1.5bn. in bank lending to the U.K. private sector in sterling during the first-half of the financial year was not, if viewed objectively, very alarming; with inflation running at about 14 per cent the real level of advances was unchanged. From now on, however, the Government will be seeking to squeeze lending in real terms.

Both the Chancellor and the Governor have reaffirmed the 12 per cent limit on growth of M3 in the current financial year. After the excesses of the first half-year, this means M3 can only grow by about £1bn. in the second six months. But the Government has to finance a public sector borrowing requirement of £5bn., perhaps more, in this period.

If the authorities were to repeat the splendid performance in sales of public sector debt to non-banks in the second half of 1975-76, at just over £3bn., and were to obtain overseas finance in line with the current balance of payments deficit, there would be no room for domestic bank lending to rise at all.

The Lords now realise they have the Government over barrel for every day the session is extended beyond November 17 means the curtailment of vital legislative time next session which will be dominated by the huge Devolution Bill, already imperilled by threats of backbench rebellion.

However loud the threats, there is little prospect of action being taken next session to curtail the power of the Lords, both because of the lack of Parliamentary time and the Government's overall majority in the Commons.

Mr. Varley's week-end warnings to the Lords that unless they drew back from the threatened confrontation there would be "only one outcome," was echoed yesterday by several Labour backbenchers who urged Ministers to reduce the powers of the Lords.

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THE LEX COLUMN

Arithmetic of a squeeze

The Governor of the Bank of England, Mr. Gordon Richardson, stoutly defended the City's financial institutions against criticisms that they have let down British industry, in his speech at the Mansion House last Thursday. He pointed out that the capital market has raised some £1.75bn. of new equity in the past 18 months, and that banks have readily provided additional facilities, increasingly in the form of medium-term credit.

But after the extreme monetary measures of the past few weeks his words had a hollow ring. The monetary strait-jacket now being lashed round the economy is such that it will be extremely embarrassing to the Government if the stock market continues to rise in long bond yields is to depress other markets — like the equity market — and channel the resources of the investment institutions into gilt-edged.

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Probably the Government is more ambitious on both borrowings. But whatever figure the Bank of England has pencilled in for permissible expansion in borrowing by the private sector, it must be very small. For comparison, the interest charges incurred by borrowers in the six months could well be of the order of £2bn.

In the short run, there could be some truth to be shaken out of the banking figures. Although the company sector borrowed £820m. from banks in sterling in the second calendar quarter, it also increased holdings of liquid assets by £758m. It would be surprising if companies were not taking the precaution of drawing down more of their facilities. But the rise in liquidity — in April-June also reflected receipts of £243m. from capital issues, which since then have sharply tailed off.

Looking towards the next financial year, only a large reduction in the currently projected PSBR of around £2bn. could moderate the squeeze. The City is expecting a target for M3 of 10 per cent for 1977-78, so that, with no fiscal changes, gilt sales would have to mop up some £4.5bn. out of maybe £6bn. available for investment by the insurance companies and pension funds, even to allow bank lending to rise as little as £2bn.

Common sense says it will not happen quite like this. But, as the official projections stand, companies will be virtually cut off from the capital markets and will have to depend almost entirely on their own resources.

The local authority yearling bond market is normally a bit of a backwater but it has been seeing plenty of action over the past two weeks.

Last week's £18.75m. issue was reportedly oversubscribed more than three times despite a rate pitched 1 per cent lower than the week before, and a hardening in competing money market rates. In the secondary market, investors have been hunting down bonds and, for example, though registrars had one of their busiest weeks ever.

Part of the explanation has to do with the special nature of the tax payers, the possibility of paying capital gains tax of 10 per cent as opposed to rate of interest close to 15 per cent. Unlike there is a risk that this certificates of deposit and treasury bills, one only needs a "washing" to the tax inspector.

There is roughly £1bn. of negotiable local authority bonds in existence (the bulk "yearlings"). The count-bousses tend to be buyers and companies, bull societies and trustees say banks are also active. How much of the interest is likely has been by investors for tax reasons.

Gross interest on yearling bonds accrues separately, an investor can buy bonds at weekly placing and then them immediately prior to first or second dividend payment. Since the interest has been ruled up into the 1 this can result in a capital profit which may be used to set losses (in the equity market, for example) though the beneficiary of the charge perhaps £5.50 per £1,000 re the benefit somewhat. For 1

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Ford and Carter step up fight to win over 'Don't knows'

BY DAVID BELL

WITH LITTLE more than a week before the U.S. Presidential election, both main candidates have embarked on one final burst of campaigning aimed above all at the large number of voters who have not yet made up their minds.

President Ford was campaigning in California to-day where a poll shows him only just ahead of Mr. Jimmy Carter, the Democratic candidate.

The President's staff have prepared a "democratic bill" in the ten biggest States which Mr. Ford knows he must carry if he is to win the election.

He will be campaigning in all of them in the next week and in parts of the South where the Ford staff claim Mr. Carter's southern base is eroding.

home in Georgia encouraged by the result of Friday's televised debate with Mr. Ford, which appears to have been a narrow victory for himself, and by two New York polls which give him a commanding 9 per cent lead in the State.

This morning, the New York Times also endorsed him, praising his "humanitarian and socially oriented and essentially liberal approach to most of the important questions of domestic and foreign policy."

The President appears to have suffered something of a setback in California where he had been hoping that Mr. Ronald Reagan would appear on a half-hour telecast with him this evening.

However, Mr. Reagan, a former governor of the State, said that he had a "former engagement" and such a public rebuff to Mr. Ford will do his campaign no good.

All the polls continue to show that the level of undecided voters is much higher than usual at this time in a campaign. Some estimates put the figure as high as 15 per cent, though most think it is perhaps nearer 5 per cent.

Most surveys in the key States give either Mr. Ford or Mr. Carter only a narrowest of leads, and both have new com-

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